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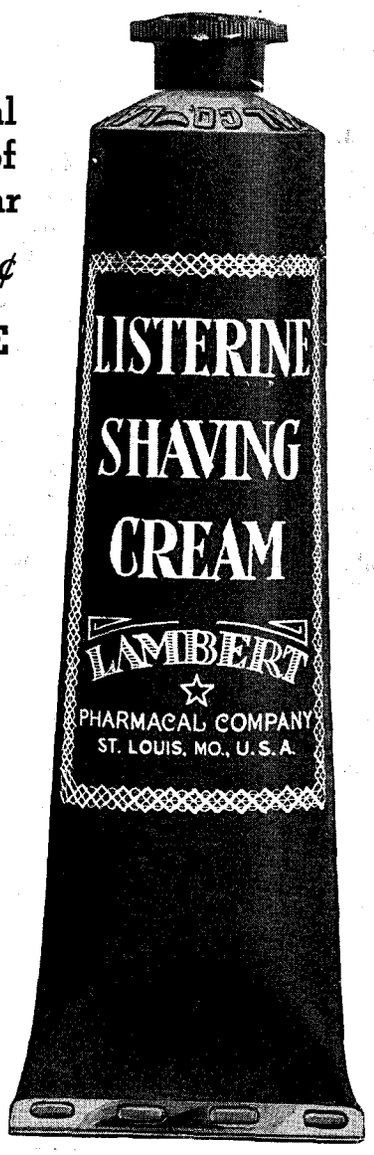
15 SHAVES FREE

Actual size of regular 25¢ TUBE



We are not in business for our health. We don't give away 15 free shaves to *anybody* for the fun of it. We make this offer simply—and selfishly—because we know that practically every man who sends in the coupon below will go on using Listerine Shaving Cream.

How can we be so sure? Because we've watched it happen. And because we know how Listerine Shaving Cream compares with others, regardless of price.

You could spend a dollar and you wouldn't get anything better for a tough beard and a tender skin than Listerine Shaving Cream—at 25¢! It lathers up like a cream puff. It soothes the skin. It softens the beard. Your razor slides through it like nothing at all and leaves a clean, smooth path behind. Chafes and scrapes just don't happen.

Before we allowed the name Listerine to be applied to a shaving cream it had to be *good*. But that doesn't mean it had to be costly. The big tube of Listerine Shaving Cream should last any man three long months. It contains 104 quick, comfortable shaves. Yet its price is 25 cents. Get that big tube at any drug counter. Or if you want to be shown, mail the coupon for 15 shaves, absolutely *free*. Lambert Pharmacal Company, St. Louis, Missouri.

Tear off this Coupon NOW!

Lambert Pharmacal Company, Dept. O-10-S, St. Louis, Mo.

Gentlemen: Below is my name and address. Please send me, free and postpaid, your large sample tube of Listerine Shaving Cream.

Name_____

Street_____

City_____ State_____

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Occupations—Today and Tomorrow

By Berta Crone

THIRTY YEARS AGO IN DECEMBER two men, the Wright brothers, made the first successful airplane flight, Orville Wright being the pilot. Thus air transport, a new mode of transportation, was born. Today more than 20,000 persons (including women) are licensed airplane pilots. Of these, according to the Aeronautical Chamber of Commerce, 18,116 are licensed civil pilots, and about 2,000 army and navy pilots. To the Wright brothers, and to those from whom they drew their knowledge and inspiration we owe an entirely new field of endeavor, aircraft manufacturing and air transport operation.

Air transport development is still in its infancy, notwithstanding its constant and remarkable growth since (in 1927) Colonel Lindbergh made his memorable flight from New York to Paris. Today in the United States alone no less than twenty-five companies operate airlines, besides the Pan American Airways System, an American-owned company operating airlines from Florida to the Latin American countries, which operates air lines in 32 countries. Figures of the Aeronautical Chamber of Commerce, the trade association of the air transport industry, show on August 1, 1933, that there are 2,135 airports and landing fields in the United States. These include the Government and commercial airports and the emergency landing fields. Considering that each airplane in operation must have a pilot, that many airplanes carry a co-pilot and radio operator, too, one begins to realize how many new occupational opportunities have thus been created for technically trained personnel. Flying boats, the aircraft used by the Pan American Airways System, usually carry a crew of four men, pilot, co-pilot, radio operator, and steward, on their passenger airplanes.

Directly connected with the flying operations are the research engineers. These technical men are engaged in perfecting instruments used in flying, in developing radio communication, in working out standards for operation of airplanes, and in training pilots. Establishment of weather reporting airway and airport stations draws heavily upon trained weather observers, the meteorologists.

Like other modes of transportation, air transport depends on mail, passengers, and express for its revenue. The Aeronautical Chamber of Commerce reports a drop of 11.8 per cent in air mail in the past year. "Government payments for airmail service" says *The Index* published by The New York Trust Company, "have recently constituted over 60 per cent of the receipts of the air transport companies." They go on to say that "last year domestic appropriations for this purpose amounted to $19,500,000 while the current appropriation is 25 per cent less." This cut of nearly $6,000,000 in income of the air transport companies will necessarily affect the development of the service and may even result in a cut in personnel, especially if the NRA compels the industry to increase salaries. The express business of the air transport companies is, however, steadily increasing. Fares have been reduced about 50 per cent since 1927, averaging at present about 6 cents per mile. While the number of passengers who were carried so far this year is less than in 1932, the total number of miles flown is greater. In other words, it appears that people are beginning to use airplanes as they do other modes of transportation. Professional and business men find this mode of travel a great saving of time. Persons, who have, for instance, only two weeks' vacation and desiring to spend all of this time in some distant place, find it possible to do so by traveling thither in an airplane.

Though the air transport industry may be set back temporarily by the drop in its income, it is bound to develop, just as the steamship lines and the railroads did. This month the Pan American Airways System has announced the appropriation of $5,000,000 for development work. It will begin at once to build the world's largest international air base at Miami, Florida. In these plans complete facilities for U. S. Customs, Immigration, and Public Health authorities will be provided. It is reported that $4,000,000 of the sum appropriated is

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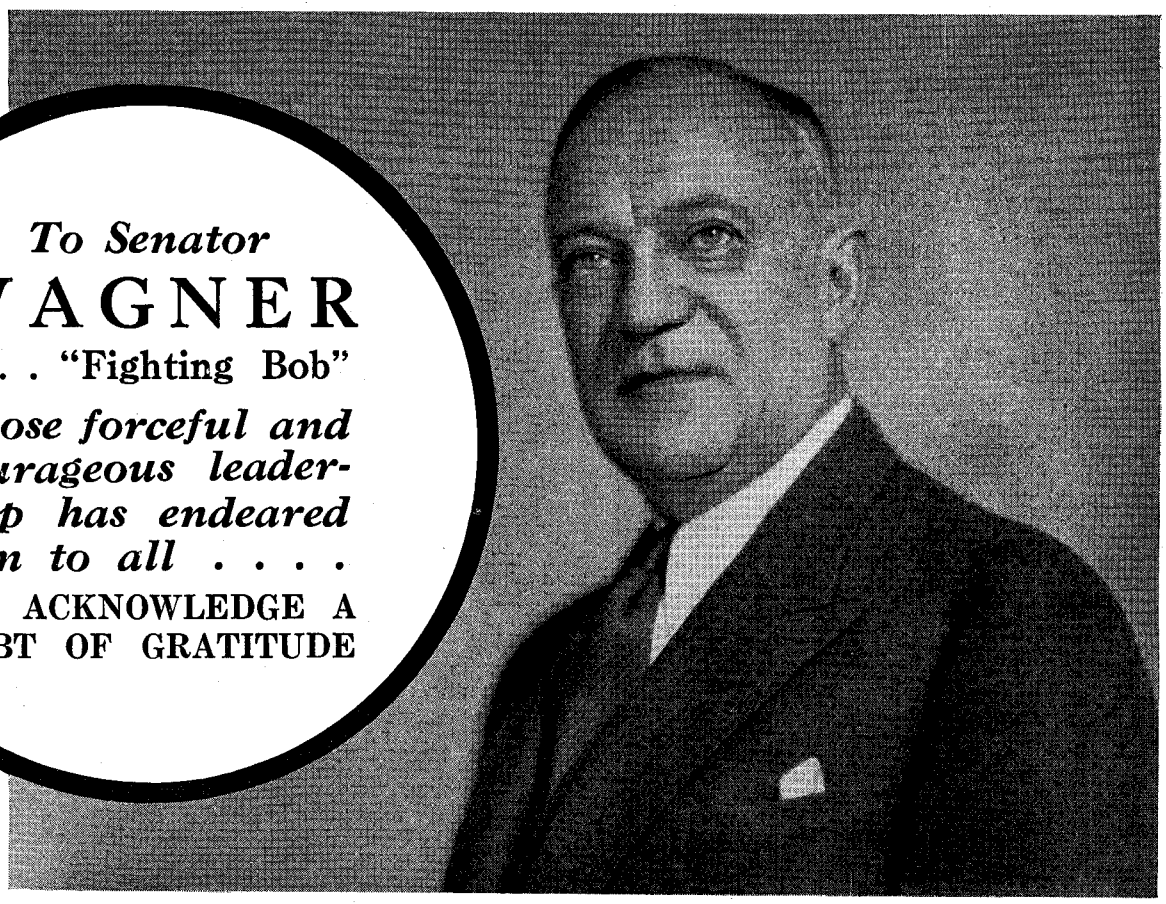


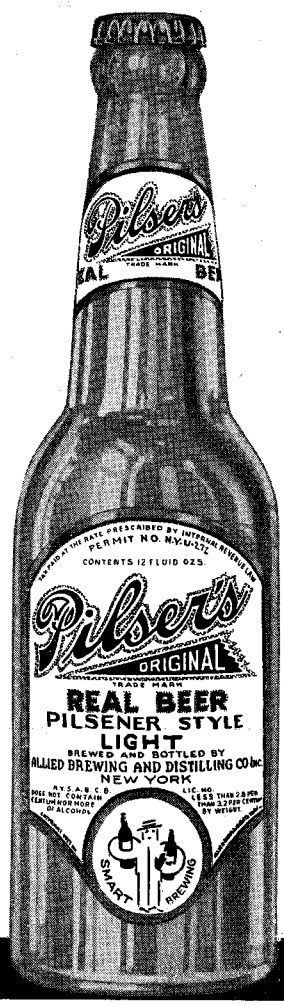
To Senator

WAGNER

. . . . "Fighting Bob"

whose forceful and courageous leadership has endeared him to all . . . .

WE ACKNOWLEDGE A DEBT OF GRATITUDE



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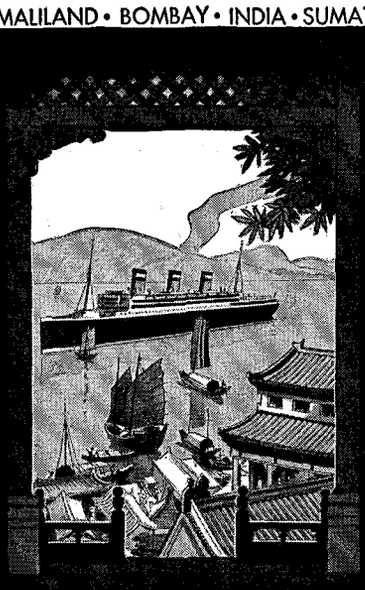

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CONSULT YOUR TRAVEL AGENT

being spent on a new fleet of flying boats in anticipation of trans-oceanic air service. Colonel and Mrs. Lindbergh have just completed a surveying trip to Greenland for the Pan American Airways System to determine the feasibility of a northern air route to Europe. Immediate occupational opportunities are bound to follow the carrying out of this program.

Development of trans-oceanic air line service and the expansion of transcontinental air line operations will necessarily create more occupational opportunities for those who are qualified for flying operations and for those doing the work on the ground. Necessarily executive departments will grow as the company's business expands. New airports and new airways will affect ground transportation facilities which will have to be improved. More aircraft will be manufactured. Such developments as these will open opportunities for executives acquainted with transportation problems, for airport managers, traffic agents, lawyers, insurance specialists, claim specialists, lighting experts, advertising and public relations counselors, architects, and others qualified for the specialized and general work involved.

But it must not be supposed that use of the airplane is limited to commercial purposes and to army and navy uses. Archaeologists are already studying prehistoric remains from the air. Astronomers are using the airplane from which to observe the eclipse and other stellar phenomena

Accounting

The School of Business of Columbia University has announced new courses in accounting "to aid the profession in meeting its new obligations." The courses will cover income tax accounting, security syndicates accounting, commercial bank accounting, retail accounting, and analysis of financial reports and the principles of budgets. As we said last month the new legislation has brought new occupational opportunities to this profession and with them new responsibilities.

Retailing

It is not possible up to date to get accurate figures on re-employment in the retail field. But it is thought that the larger department stores have added from 10 to 50 per cent to their personnel. One large store in New York City reports having 1100 more people at work in its store than there were this time last year.

IF YOU TRADE IN STOCK

Read This

ASK your banker—why do most speculators lose in the stock market? He'll tell you—because they depend upon tips, rumors, hunches—without knowledge—without facts. 9 out of every 10 gamblers are cleaned out!

There's one way to avoid being a loser—by having facts—*by knowing how*. That's the purpose of the Methodical Trading Course. It teaches how to trade profitably. No tips—no rumors—just knowledge of market action based on the fundamental principles of market movements.

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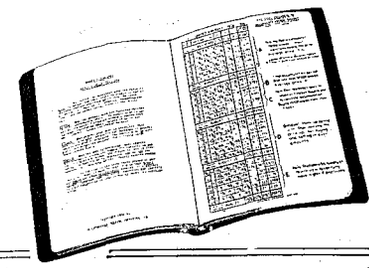

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Checklist of New Ideas

ON GUARANTEES

I can get enough dance halls that would like to book such a Grade A attraction as Mrs. Costello but they want us to work for a percentage. When a woman has been tried for first degree murder she deserves a guarantee.—*Sam Burger, Broadway Impresario.*

ON WHO WROTE HAMLET?

I believe that Edward VI, Bacon and Shakespeare were one and the same person. I do not expect to be able to prove this, but I believe that I have irrefutable proof that Bacon throughout his lifetime thought he was Edward VI.—*J. Edward Morgan, Elizabethan student, in AP dispatch.*

ON POLITICAL INTEGRITY

The man who takes money without doing anything for it is not only a grafter, he's a thief. . . . Grafting used to be open and above board, like it should be if it's fairly honest.—*Richard J. Butler, as reported in "Dock Walloper."*

ON DEMOCRACY

That [the idea of democracy that the people should be asked what they want] is the error of democracy. You have first to find out what they ought to want, if society is to be saved.—*H. G. Wells.*

ON THE EASIEST WAY

I would suggest that the universe existed from everlasting, and will exist to everlasting, world without end. It is much the simplest solution of the problem.—*Sir Francis Younghusband, K.C.S.I., K.C.I.E.*

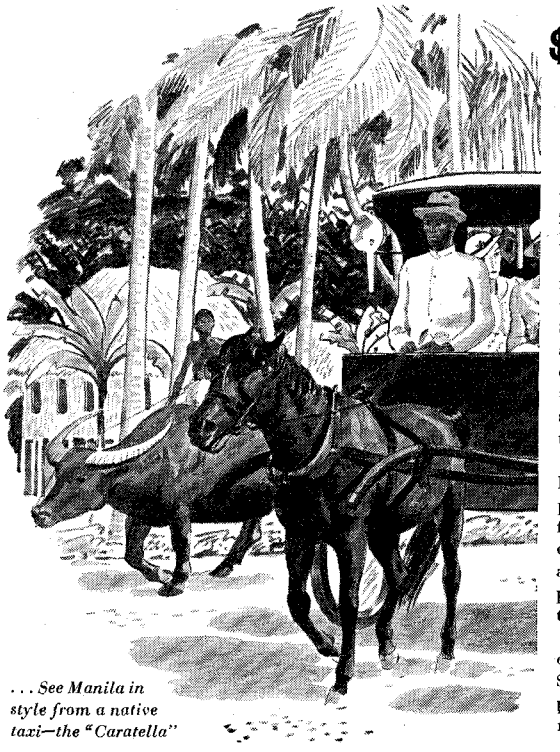
ON THE FUTURE OF THE ATOM

The energy produced by the breakdown of the atom is a very poor kind of thing. Anyone who expects a source of power from the transformation of these atoms is talking moonshine.—*Lord Rutherford.*

ON MODERN MOTHERHOOD

Right now I am more interested in the next crop of prom girls than in those of today, or of our day. They are the kids with ex-flappers for mothers and they are having pretty sorry treatment over most of this country.—*F. Scott Fitzgerald, author of "This Side of Paradise."*

Go as you please **ROUND THE WORLD**



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To boys who have become men in the past five years

PERHAPS life seems an uneven struggle to you who have known only unnatural business conditions.

But peace, security, reward for work well done are part of the normal life of this country—and we're going back to normal.

As an individual on the way up, you will need the firm stepping stone of life insurance. Let us send you information about what life insurance can do to make life more worth while,—*to you.*

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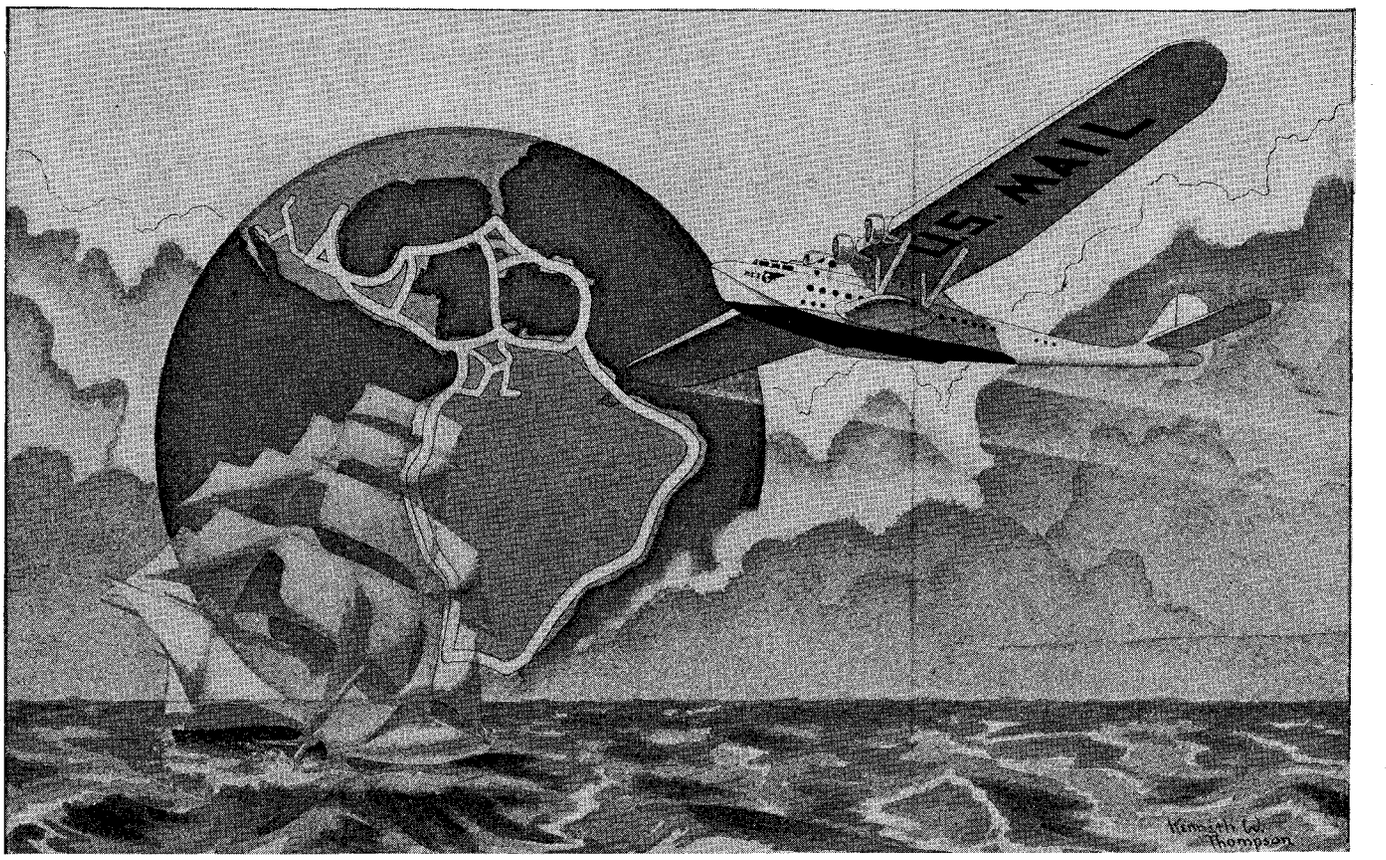

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Domestic Airlines and Fast Railway Trains provide connections at Miami, Fla., and Brownsville, Texas—our northern terminals—giving fastest service from every important city in the United States.

WHERE white-sailed Clipper Ships once bore American commerce with a speed no competitor could equal, winged Clipper Ships of a new generation again have revolutionized transport time to win for America a new international leadership.

Sweeping away barriers of time and distance between the Americas, a network of 26,650 miles of airways has been pioneered through sweltering tropic jungle, over frigid four-mile peaks of the Andes, across an entire sea, around an entire continent.

Guarded every moment by 72 private radio control and weather stations, flying into and out of 147 airports, a great fleet of 108 airliners, headed by giant 4-engined 44-passenger flying boats, speeds American men, mail and merchandise to 104 important trade cities in 32 countries. These "Clipper Ships That Fly" deliver their passengers and cargo with clock-like regularity to all cities in the Caribbean area within three days; to the most remote capitals of South America within seven.

In these troubled days when trade is struggling for existence, air mail often means the difference between sales and lost markets. Air express, making deliveries against time, means a maintained sales volume impossible by any other means of transport. Executives and salesmen move from country to country, from continent to continent, accomplishing in hours trips that would require weeks by ordinary transportation.

More than 203,000 passengers have flown 61 million miles over these aerial trade routes. More than 12 million pounds of mail and cargo have been carried. For more than 5 years America's international air transport system has enjoyed a rating for dependability unsurpassed by any other form of transportation—99.678% of all trips completed "on schedule."

Ask any postmaster for information about the international air mail. Complete information and reservations from any city in the United States direct to any city on the Pan American Airways System are available at any ticket office of the domestic airlines and principal railroads, at offices of Postal Telegraph and Western Union, or Travel Agents everywhere.

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ALFRED E. SMITH
Editor-in-Chief

NEW OUTLOOK

FRANCIS WALTON
Managing Editor

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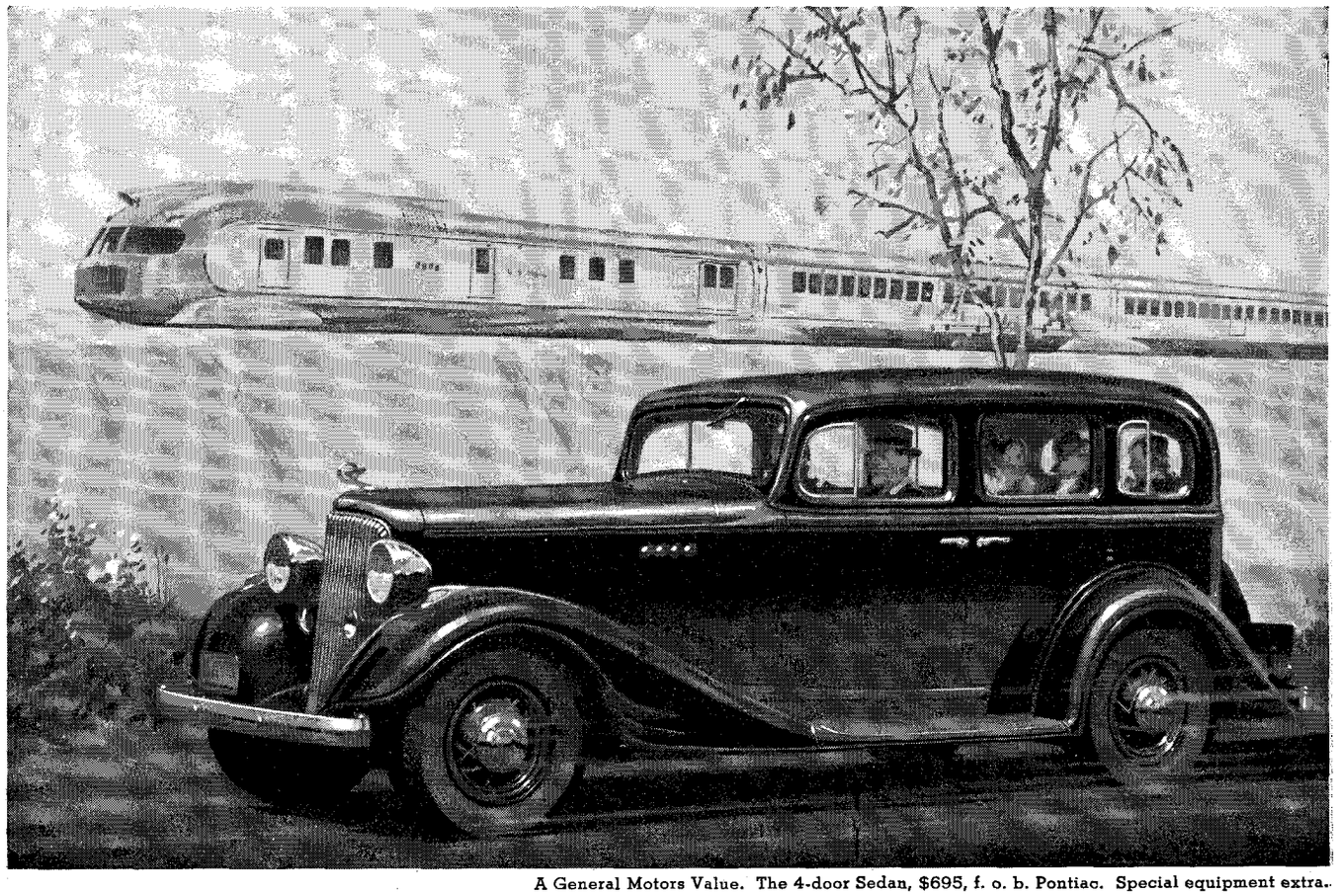

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Everywhere, people are demanding better transportation—faster, safer, more economical. Radically new designs in railway trains are being introduced to modernize travel by rail. Modern airplanes are becoming sleeker and swifter.

And Pontiac—the Economy Straight Eight—fits into this new scheme of things in a very definite way. For the Pontiac Straight Eight is a modern car—modern as tomorrow in appearance, in action, in the many new features which it incorporates.

Pontiac is fast. Alert and nimble in traffic. And it will whisk you from town to town as rapidly as you care to travel.

Pontiac is safe, too. Big, positive-acting brakes—well-balanced design—and a rugged chassis that holds the road with that firm, solid feeling—make the swiftest trip a secure trip as well.

And Pontiac is economical. Economical in first cost and in operating cost. You can buy one for $585 and up, f. o. b. Pontiac. Owners report that it gives 15 miles or more to the gallon. And it's so well built that it continues to give new car performance for many thousands of miles.

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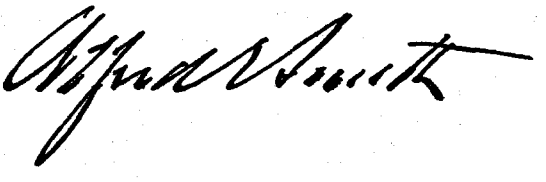
NEW
OUTLOOK

WINTER AND THE PUBLIC WORKS



THE great $3,300,000,000 Federal public works program authorized by the National Industrial Recovery Act is at last getting into motion under the direction of the Secretary of the Interior. It is already clear that so far as he can control it, this program will be free from partisanship, pork barrel raids and improper influence.

What remains, however, is the basic question of actual results. One difficulty in giving this job to a cabinet officer, no matter how honest, competent and clear headed, is that he already has too much to do. Delays of one kind or another in getting the new organization started have already made it impossible to affect national employment materially until next spring. The loss of the summer months is fatal to public construction. If you lose the summer, you lose a year. The distribution to the several states of $400,000,000 for Federal highway aid through the usual channel of the Bureau of Public Roads at Washington, was supposed to function automatically. Unfortunately, however, most of the states were not ready to let contracts promptly because their engineering staffs had been cut down as a measure of false economy at previous sessions of the state legislatures. Preparation of designs and specifications therefore had to wait until the new Federal appropriations were made available. Other difficulties cropped up. Right of way difficulties have also complicated matters. As a result, only about one-fourth of the highway moneys have been allotted, and only about $35,000,000 in contracts has actually been obligated. Further, contracts will not be let until winter is upon us, with the inevitable result that the contractors will do nothing until spring.

The same thing seems to apply to United States government projects, most of the allotments for which are only just being made. When it comes to local projects of states and municipalities, semi-private corporations, such as water companies and housing corporations, the machinery set up by the Federal Administrator is only just beginning to function. Certainly these projects cannot possibly employ large numbers of people on anything but the fabrication of material until next May. The prospect, therefore, is that the Public Works program by itself will not do much to cure the unemployment situation during the next six months, and that unless other recovery devices accomplish unexpected miracles, we shall have to depend to a large extent upon public and private relief to see us through the coming winter and early spring.

In the meantime, here are some suggestions to speed up the program.

Some of the energy, enthusiasm, ruthlessness, and contempt for delay and red tape, not to speak of the publicity, which have been devoted exclusively to business control by the Administration should be transferred to public works. After all, public works is also part of the National Recovery Act. Why not make the Blue Eagle a reward for those who make the best prog-

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ress on public improvements and hire the most men?

The organization of the Federal Emergency Administration of Public Works is too complicated. There is no need of advisory committees in each state, and of regional advisers over several states. The engineer assigned to each state should be the sole agent of the Public Works administration in passing on projects in the first instance, and in supervising construction.

The rules of the Administration governing the employment of labor should be clarified. Under present rules, the re-organized United States Employment Service furnishes labor to contractors. Obviously labor should be recruited through the relief agencies, because otherwise men who do not need work will get it, and those who need it most will continue on the relief rolls. There is no sense in having two agencies each under Federal control and enjoying Federal subsidies, furnishing labor for public projects. The relief agencies were first on the ground and have spent an immense amount of time and money in preparing their rosters. Another matter which should be clarified is how skilled labor is to be supplied. The rules of the Administration require contractors in the first instance, before applying to the Unemployment Service, to attempt to obtain skilled labor from the nearest local of the appropriate trades union. Obviously the trades union locals should not be official recruiting agencies.

The Administration should make available, if it can be done under the present law, a fund of fifty million dollars to be distributed to the several states in accordance with population, for the *design* of future public works of permanent value. These improvements should be of a statewide, or regional character. The allotments for plans should not exceed five per cent of the estimated cost of the projects. In this way, at the end of a year, at least one billion dollars worth of future work will be designed. The Federal Emergency Administration of Public Works need not commit itself in any way to the financing of these improvements.

There has been talk for years about advance planning of public improvements, about "deferring" public works, and about public works as a cure for unemployment. We have discovered that without designs and specifications, no amount of public money, no matter how great, will make *real* work. If the National Industrial Recovery Act will not permit such an allocation of funds, an amendment to that act to make it possible, should be passed as soon as Congress meets.

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THE BANKS

A RECENT GATHERING OF the American Bankers' Association produced some pretty plain talk. The appeal, of the President directly, and through the speech of Mr. Jesse Jones, Chairman of the Reconstruction Finance Corporation, to lend liberally to industries subscribing to the Blue Eagle met as might have been expected, not only with chilly silence on the part of most of the bankers, but surprisingly with frank and open opposition on the part of many leaders in this field. Perhaps the threat voiced by Mr. Jones that the Reconstruction Finance Corporation would lend directly if the bankers did not, coupled with the suggestion that the Reconstruction Finance Corporation would make more liberal grants to the banks which would coöperate in lending to the N.R.A. industries, had something to do with stiffening the backbones of the members of this profession.

At any rate, the bankers point out that many banks are still closed, that others have pawned their best securities for loans with the Reconstruction Finance Corporation, that there is a tremendous demand on the part, not only of depositors and stockholders, but also of state and Federal bank examiners, that banks be kept liquid, and that finally the banks have no right to gamble on the date when prosperity will return. They complain that they have been made the target of every kind of abuse and the scapegoat of the Depression, because they did not prevent over expansion and speculation at the height of the boom, and that now when they are attempting to follow the dictates of prudence, they are being coerced by the government itself to stimulate a new boom.

Another subject which called for denunciation on the part of the bankers was the provision in the Glass-Steagall Act for the

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guarantee of bank deposits. There can be no doubt after the bankers' convention of the conviction on the part of the soundest and most influential members of the profession that the deposit guarantee is unworkable, that it is an impossible penalty imposed upon the sound banks to maintain and cover up the deficiencies of the weak ones, and that this device is more likely to drive banks out of the Federal system entirely than to bring about a greater unification. In this connection it is amusing to compare the speech of Senator Carter Glass at the last Democratic National Convention in Chicago in his successful opposition to the plank proposed by William Gibbs McAdoo for a guarantee of deposits in member banks of the Federal Reserve system (a speech which undoubtedly represented his sincere conviction), with his reluctant acceptance of this scheme as part of the price he probably had to pay to get his bill through Congress. In the debate at Chicago, Senator Glass said:

"A guarantee plank in our platform would create anxiety, would cause disturbance within our ranks and would raise up opposition to our party in November which I regard as entirely unnecessary.

"Guarantee of bank deposits has been tried in a number of States and resulted invariably in confusion and disorder to the financial structure of those States, and if our party, when returned to power, should incorporate such a scheme in the Federal organization we would drive the strongest member banks from the Federal Reserve System. These strong banks should not be assessed to pay a premium for mismanagement. They will not stand for it."

Many suggestions were made at the Bankers' Convention for amendment to the Glass-Steagall bill which will doubtless receive the early consideration of the next Congress. All thoughtful students of this problem realize that this act, in its present form, cannot accomplish the one essential thing necessary to produce a sound banking system in this country—and that is the unification in one Federal system. We cannot go on with forty-nine banking systems. It is useless to close all banks, then reopen some, and finally reopen the rest after pumping oxygen into them in the form of Reconstruction Finance Corporation loans. The situation becomes worse when a policy is adopted of opening weak banks merely to unfreeze assets and get more money into circulation as part of a prosperity drive. The invention of a new kind of preferred bank stock as a security for loans is obviously just a way of loaning government money with inadequate security. The weak banks opened in this way are still weak. The old defects are unremedied. The numerous failures which occurred before will inevitably occur again. Nothing will remedy this situation but a single unified banking system operating under one set of rules, with one set of examiners and with one channel through which Federal Treasury relations are maintained. The unifying agency should be based upon the Federal reserve plan which has all the advantages of both public and private direction. It is built up on a decentralized regional basis under directors selected in part by the banks and in part by the President, with a coördinating central agency at Washington. The arrangement is representative, it is responsible, it is democratic. It avoids the evils of unrestricted private initiative, and also the defects of bureaucracy and government dictatorship. All banks should belong to it. Under one system of this kind most of our banking troubles will eventually disappear.

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CHILD LABOR

INTEREST RECENTLY HAS BEEN REVIVED in the so-called Child Labor Amendment to the Constitution of the United States. This amendment was submitted by Congress to the legislatures of the several states almost ten years ago. Fifteen states have ratified, and the original sponsors, encouraged by recent successes and by the publicity accompanying the exclusion of child labor under the National Recovery codes, are redoubling their efforts.

What are the arguments of the sponsors of the amendment? I believe they may be stated briefly and fairly as follows: Child labor is barbarous and un-American. It is a form of human slavery which should be dealt with by the people of the United States as a whole, in the same way as Negro bondage—that is, by a thunderous "No" ringing out from the Constitution itself. Moreover child labor permits the so-called

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backward states to flood their more progressive neighbors with the cheap products of the sweat and blood of those who should be at play or in the classroom. Finally, child labor cheats out of their jobs hundreds of thousands of adults who must support themselves and their families.

The arguments against the child labor amendment have not been so well publicized, and do not lend themselves so readily to campaign slogans and popular appeals, but they merit close study. In the first place, freedom of persons under eighteen from labor is not an absolute, basic human right. It is a relative matter of age, race, climate, family and economic conditions, and local sentiment. In other words, it is a matter to be settled by the conscience and common-sense of each community and not by Federal mandate.

Another powerful argument against the proposed constitutional Amendment is that it is vague and defective in form, and that its adoption would lead to uncertainty and confusion. Moreover, the process of the adoption of the Amendment is basically wrong. The Amendment does not merely prohibit child labor. It gives Congress "power to limit, regulate, and prohibit the labor of persons under eighteen years of age." Who knows what kind of laws will be passed by Congress under the authority to limit and regulate?

Opponents of the Amendment, furthermore, ask whether the Federal government can regulate child labor on a nation-wide basis through control of interstate commerce and Federal enforcement any more successfully than it enforced prohibition by the same methods. Federal regulation and enforcement mean huge expenditures, waste, graft, duplication of effort, bootlegging, and disrespect for all laws. Is it possible that a United States Attorney in a southern state will prosecute vigorously offences against a Federal child labor law and that a jury will convict, if local sentiment is against Federal interference? Is it conceivable that Federal control can be exercised otherwise than through a new army of inspectors, investigators, sleuths, bloodhounds and statisticians traveling about in trains, automobiles and on horseback, stopping at hotels, and bedevilling the work of labor departments?

Those in opposition also ask why, if the National Recovery Act has abolished child labor by fiat as the Recovery Administration claims, do we need a constitutional Amendment to accomplish what has already been done? They say that child labor has not been, and cannot be, abolished by fiat. The claim of the National Recovery Administration is simply a slogan in the Blue Eagle drive, which may, or may not, be justified by the end in view. The atmosphere at present is a good deal like that of a revival meeting. The industries employing persons under eighteen years of age have "got religion" too fast. With the coming of the cold gray dawn of the morning after, the test of sincerity and sacrifice will begin. When that time comes, they say, it will be found that the same old patient struggle for state child labor laws and adequate state enforcement is the only answer.

Finally, hardheaded and realistic critics, who are sceptical of salvation by constitutional tinkering, charge that a Federal amendment is the last resort of ambitious reformers who have not the stamina to educate and persuade their opponents, but demand Federal coercion as the easy way to whip the objecting states into line.

After careful, and I may say almost prayerful, consideration of these arguments for and against the child labor amendment, I wish to be recorded in the negative. No one can accuse me of being callous or indifferent to the needs of children. I won my service stripes in the war against exploitation of children many years ago when there were few enthusiasts, and many powerful opponents. I find it difficult and distressing to oppose now my loyal comrades of these early battles. I have, however, learned in recent years the bitter lessons of the Eighteenth Amendment. I devoutly hope that the people of this country will not permit themselves to be deluded by sentiment, tricked by false logic, coerced by minorities, or stampeded by rhetoric, into a repetition of their recent monumental folly in attempting to legislate morality into the United States Constitution It does not seem possible that the same states which are relieving us of the curse of the Eighteenth Amendment, will now impose another constitutional curse upon us under the guise of abolishing child labor.

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Should the Doctors Err

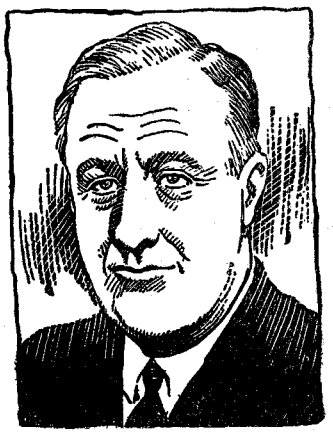
By George E. Sokolsky

George E. Sokolsky, writer, lecturer and a regular contributor to NEW OUTLOOK, inquires into the viewpoint which advances the thought, official and otherwise, that, without immediate recovery, America may be enjoying the services of her last President.

IT is no longer fashionable to criticize the President of the United States, or any of his acts. From George Washington to Herbert Hoover, the President was usually a maligned man as long as he remained in the White House, who got his desserts in popular good-will after his death. Herbert Hoover's friends adopted the political expedient of setting the President above and apart from all men, beyond criticism, beyond personal attack. Of course, as more Americans grew hungry during the Hoover Administration, fewer of them were willing to assume that the President, as an elected political official, is immune from criticism by his constituency.

President Roosevelt's extraordinary personal popularity has won for him almost a unanimity of public approval. He has particularly appealed to the most ordinary of American characteristics, "Action." Whereas Mr. Hoover planned and belabored and studied reports in the privacy of his offices, while a Democratic Congress refused to permit him to take a single action—if he were capable of taking it—that might have gained for him an ounce of public good-will before a Presidential election, Mr. Roosevelt commenced his career as President in a blaze of action, and he has been acting ever since.

Even in the matter of the delegation of thinking to "Brain Trusts" and similar doctors of perfection, Mr. Roosevelt is not altogether different from Mr. Hoover. These gentlemen apply to different doctors for different remedies. Mr. Hoover tended to depend upon Captains of Industry, International Bankers, Leading Financiers and Astute Politicians, all of whom for years had been first page headliners because of their achievements in their chosen fields. In a word, Mr. Hoover's doctors were men to whom the high school principals could point with pride as "a man who had made good."



Mr. Roosevelt, on the other hand, does not care for doctors who have made good. He apparently is afraid that in making good they employed methods and entered upon arrangements and formed ties which do not look so well when disclosed by a Committee of the Senate. He sought, rather, men who had been in the obscurity of the classroom, college professors, hidden-away statisticians and economists, men who had been forgotten by the public since Woodrow Wilson's Administration, labor union lawyers and such folks. In a word, Mr. Roosevelt did not desire doctors who had made good, but doctors who had thought hard and written some, and who had ideas.

Mr. Hoover wanted doctors who had ideas, and he appointed them on various commissions to make studies and to write reports. For instance, some of his doctors got together and prepared a series of reports on *"Recent Social Trends in the United States,"* which is so complete that even Mr. Roosevelt's doctors have to use these textbooks; but Mr. Hoover had a way of slowing up on action, of checking opinions of practical men who had "made good."

Now, many of Mr. Hoover's friends lost face in the aftermath of the 1929 debacle. For instance, it became quite clear that, although a man might be a great engineer, his opinion on the future of the human race was of no more value than that of a tonsil expert's opinion on the sanity of a murderer, or perhaps *vice versa*. It became evident that making good had almost no relationship with knowing why. The public soon lost confidence in the ballyhooed leaders of opinion, whose ghost writers had made them responsible for supine recipes for the cure of everything from morals to margarine.

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Mr. Roosevelt wanted not only a New Deal but a New Lot. He wanted doctors who had not been involved in the diagnosis of 1929. He wanted doctors who had never done anything wrong, although there was, of course, a great danger that they had also never done anything right, or anything at all. The man of action probably makes as many strikes as hits; the contemplative man only thinks about hits; the professor usually talks about them. Perhaps that is why the end of a hot summer found so many of them resigning their jobs, or being shifted from pillar to post in the hope of finding some place where they could think out loud.

Now, among the Chinese, they have a curious system of medicine which I have always thought is one of the best. Every doctor is a specialist (that is, the old-fashioned doctors who have not been corrupted by American medical schools). Each doctor has a single prescription which is supposed to cure everything from spinal meningitis to writer's cramp. When a member of a family gets sick,

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the family calls in as many doctors as they can afford to pay. (This incidentally bursts forever the untruth that Chinese doctors are paid to keep the patient fit.) A poor family might pay only one; a rich family might employ a dozen or more. Each doctor feels the patient's pulse and puts down his own prescription which his father and grandfather had used before him. The family never can understand the prescription—nobody understands it but the individual doctor, his apprentice, his wife and his private pharmacy.

Puzzled to know which prescription to use, the family calls in a necromancer, who places all the prescriptions before him on a table, has his apprentice blow a devil's horn, or beat a gong. The necromancer then mumbles magic words, or he may speak of dragons and phoenixes (they have no blue eagles in China), and finally his finger pounces on one prescription which is the word of Heaven. The family uses that prescription and the patient either lives or dies.

Fortunately for the doctor, if his prescription kills the patient, the necromancer is to blame because his was the last word; but the necromancer justly contends that he is not to blame because the doctor wrote the prescription. On the other hand, the family, to avoid contentiousness and lawsuits, says it is the will of Heaven. So the patient is buried. If he lives, however, the doctor and the necromancers each demands a reward and the credit due to Heaven is utterly forgotten.

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Now, doctors are like that the world over, although they seek to disguise their cure-alls in masterly and scientific verbiage. If one goes through the literature of what is wrong with the United States, one finds that each doctor has discovered a first cause and each has a simple cure. Usually, one finds that all the first causes put together are undoubtedly responsible for the trouble, and that the cures are complex and many might be used and that the recovery will be very slow.

Mr. Cordell Hull, in his opening address at the London Economic Conference, described the Depression—the world-wide Depression—in a single paragraph which is so succinct that it may be quoted here to indicate how no single measure and no rapid marching will bring the patient to the goal of prosperity:

"Depleted treasuries, collapsed price levels, a destroyed international finance and commerce, greatly diminished domestic production and consumption, thirty millions of unemployed wage earners, a prostrate agriculture, universal monetary and exchange instability, mountainous debt and tax burdens, constituted some of the panic experiences of recent years."

Undoubtedly so complicated a diagnosis involves a complicated cure unless one employs a hit or miss experimental regime which either sets the patient up or sends him to the crematory. But no doctor can afford to admit that any diagnosis is right but his own and that any cure-all but his should be used. So the doctors get to fighting; they organize cliques and parties and they use whatever force is available to put down other doctors. In Russia, Mr. Stalin; in Italy, Mussolini; in Germany, Hitler; have put out of business all doctors who disagreed with their private collections; in the United States, General Hugh Johnson would like to "sock on the nose" the fellows who disagree with his medicine-men, and Mr. Richberg speaks of the restraints of freedom, but somehow the American people have become so accustomed to the exaggerated language of presentation of nostrums that they wait to see how the experiment will work on the guinea pigs. And each American hopes that he is not the guinea pig.

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There is an old story which I often recall when I think of professors and doctors:

A very famous Rabbi was discoursing on the Talmud before a congregation in a small town in Poland. The members of the congregation listened to his every word which they regarded as pearls from Heaven. The Rabbi discoursed on morals and conduct and gave to the congregation the last word on every subject. In this village was a shoemaker, an ignorant, untutored man who could not even sign his name in any known language. In fact, he was looked upon as a dumb-bell with a hollow top. In the midst of the Rabbi's profoundest remarks, the shoemaker arose and said that he would like to ask the learned Rabbi a single question.

The congregation was most indignant. Cries of "Throw him out" were heard everywhere. It has since been recorded that the Bronx cheer was invented on this occasion. The Rabbi, however, insisted upon order and gently told the shoemaker to ask his question.

The shoemaker asked: "Suppose, Rabbi, it is just the opposite, what then?"

The Rabbi was puzzled. The congregation was silent. Men gazed at each other and gesticulated.

"Suppose what is just the opposite?" the Rabbi asked in deep doubt.

"Suppose everything is just the opposite," the shoemaker replied.

Now, doctors cannot recognize that anything might be just the opposite. I was once on a boat with one of Mr. Roosevelt's doctors and said to him:

"Professor, it sometimes happens that the best plans go awry because some imponderable like the hand of God spoils the plan. Sun, rain, earthquakes, a change in style—anything like that might spoil a plan. What will happen to the United States if *your* plan fails?"

He replied in one word, "Disaster."

Mr. Hoover once said something like that. He spoke about grass growing in the streets of a hundred cities, and the resultant laugh was heard all over the country. But doctors do talk that way. I once knew a German doctor in Shanghai who would tell a patient that he had the most serious disease which only seven doctors in the world could cure, and that he, the fellow in Shanghai, was one of the seven. The patient either died or was cured by fright. It was something like hiccoughs.

The old muddle system of the practical men involved a trial and error method based upon due process of law, with ample checks and balances, so that if anyone made a

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mistake along the line, someone would either catch the error and correct it before the damage was done, or else the correction would set in after the damage was done. The objective was not to save the prescription, but to save the patient. The purpose was not to hold on to an abstract principle, but to preserve the country. "Practical Men" usually know that mistakes are only too often made by the best of them; that is why they employ "Assistants to the President," ghost writers, public relations counsel and similar mistake finders and preventers. The "Practical Man" remembers all the mistakes he made in a long career and shudders at the consequences. The psychological effect of this memory is to slow up his action when he is about to effect a cure. He always wonders what might happen if what looks to him like an aspirin should turn out to be bichloride of mercury. That has happened at times and the "Practical Man" remembers what it meant to him in gold dollars when it did happen and there still were gold dollars available. He thinks in terms of costs and consequences because he is always accountable to someone in due course. Even Insull is discovering that.

The doctor, however, must be brave. When he faces a problem for the first time in his life, he has no soul-curdling experiences to impede him. He looks at the text-books; he studies the charts; he sharpens his instruments and he cuts. He must not wait, because the patient might die. He must not think of anything but his duty as he sees it. Out goes half a lung or a chunk of stomach. Out goes part of the vitals of a being. Six years later the patient sees another doctor who says that that tailor made a terrible mistake. Nothing was wrong except the thyroid gland. The patient pales and rushes to the next fellow who says that it is all the bunk—all that need be done now is to pull out a dozen teeth and the arthritis will disappear. Then Dr. Mayo says, "Go to an old-fashioned general practitioner," who when consulted prescribes bicarbonate of soda and no hamburgers at midnight.

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I don't want to criticize all of Mr. Roosevelt's doctors. He must have some pretty good ones on his list. They cannot all be wrong, but if you listen to any one of them, all the others are fairly wrong, and if you listened to the greatest of them all (before he went the way of all flesh) everybody else on the face of the earth was wrong.

In the instance of Mr. Roosevelt's doctors, they followed an old medical formula before diagnosis, namely, get complete control of the patient and set up a regime which keeps the outsider outside. I give an itemized account from the *"New York Times"* showing in detail how this was managed:

"To establish control over all industry with the view to fixing minimum wages and maximum hours of work, regulating production and otherwise to promote, encourage and require fair competition.

"To set up a system of government licenses for business if necessary to require conformance to the above.

"To initiate and direct, through a Federal director of public works, a $3,300,000,000 public works program as a further government contribution to re-employment.

"To direct, through a Federal director of relief, expenditure of $500,000,000, supplied by the Reconstruction Finance Corporation, for relief of destitution.

"To invoke the Presidential powers of the World War to regulate transactions in credit, currency, gold and silver, even to embargo gold or foreign exchange; to fix restrictions on the banking business of the Federal Reserve System irrespective of the Federal Reserve Board.

"To eliminate the old system for compensation and allowances for veterans and set up an entirely new pension system, with himself at the head.

"To reduce by Executive order the salaries of government employes by an amount not to exceed 15 per cent upon the finding of commensurate reduction in cost of daily living.

"To transfer, eliminate, consolidate, or rearrange bureaus in the executive branch of the government in the interest of public economy.

"To repeal, by Executive proclamation, certain new taxes voted in Industrial Recovery Act upon showing of restoration of business, or in event of repeal of the Eighteenth Amendment.

"To publish heretofore secret income tax returns to the extent he may deem in the public interest, and under such rules and regulations as he may prescribe.

"To inflate the currency, either by requiring open market operations in Federal securities, devaluing the gold dollar by not more than 50 per cent, issuing United States notes up to $3,000,000,000, or accepting up to $200,000,000 in silver in payment of the allied war debts.

"To employ more than 250,000 unemployed young men in reforestation operations as still further government contribution to re-employment.

"To appoint a coördinator of railroads to effect economies among the carriers and increase service to the public.

"To appoint a Tennessee Valley Authority to develop natural resources of Tennessee River basin, including completion of Muscle Shoals project."

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The country responded to this concentration of power in the hands of the President with singular enthusiasm and unanimity. The crescendo of popular approval made it quite impossible for a Democratic Congress to interfere with the President's program or even to refuse to vote for measures before they were read. It was not the patronage whip of the President which forced the Senators and Representatives into line as much as the will of the people. This is an emergency, the doctors said. A major operation is to be performed. No layman can tell a doctor what to do in an emergency.

The American people, who had ever regarded a professor as something of a comic character, who had roared at Chic Sale's Specialist, who gave the word "expert" a grand hand in vaudeville, suddenly found that they were enthusiastic about the doctors who were called the "Brain Trust." The very conception of doctors rushing from their classrooms to Washington, from their girls and boys to the White House and Congress, stirred the im-

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agination of the people and gave promise of plenty of action.

Here was to be the great experiment in economics and social institutions, more dramatic even than the experiments in Soviet Russia. The whole of American industry was to be mobilized, reorganized and regimented; prices were to be sent up, but not so rapidly that the consumer would suffer; wages were to go up, but not in such a manner that capital could make no profit; prices were to be fixed so that there would be no profiteering by the middleman; the dollar was to be controlled and managed and manipulated so that the relationship between creditor and debtor would be determined in values of commodities at the moment of the deal and not in terms of a currency which fluctuates in its purchasing power. Labor was to be unionized and protected by a minimum wage and maximum hours of employment and wholly freed from the dangers of anti-social exploitation. The entire nation was to sign on the dotted line.

The "Brains" of the country were at work, and anyone who disagreed was utterly lacking in brains. Of course, not all the doctors agreed with everything that was done. Some were for inflation; others, against. One of the great doctors delivered an address opposing the usual American conception of freedom in which he said:

"The laws to protect human freedom are laws of restraint; laws prohibiting majorities from abusing the power of their numbers, from abusing the power of mass action; laws restraining minorities from abusing the power of special privileges of monopoly; laws preventing minorities from breaking the rules of the game which the majority still will cheerfully observe.

"So let us not be deceived by words. The fact that a man is 'restrained' by law does not mean that he is thereby deprived of freedom. The only way that men can be set free is by imposing restraints on the abuse of freedom." But in the American system of government the determination of the application of such restraints has been left to the courts. The Constitution and its first fifteen amendments chart the course that the courts are to pursue. To transfer the right to define freedom from the courts to administrative officials, who are not even elected by the people, is to invoke the methods of Hitler.

The effort to boost prices before wages went up received a body blow when Professor Ogburn resigned from the NRA; the efforts of the Economic Nationalists to Fascisti the United States suffered at the hands of the stately Mr. Hull when Doctor Moley recalled that he had only accepted the Assistant Secretaryship of State temporarily Washington sounded like a Walter Winchell School for Scandal in August, the tales of disagreement, misunderstandings and ragged nerves were so furious.

Naturally, as the fall season approached, the eyes of the doctors turned to the campuses, where in the Faculty Clubs they could disagree without anything happening. In fact, they could even agree there without anything happening.

Something of this atmosphere began to surround many industrialists and merchants who were signing codes. What, they asked, will happen to us if the doctors have made a mistake? What will happen to the country if the doctors err? Mr. Henry Ford, for instance, made the point that to sign a code such as he was asked to sign would reduce salaries and increase the hours of his workers. Strikes broke out everywhere. The real trouble is not that the doctors are wrong but that they have frightened the patient.

Now, actually very little can happen. In the first place, what is the objective of all this doctorial activity? It is to put 10,000,000 men to work on a more or less American standard of living. Some doctors want the men (and women, for that matter) to be at work by Christmas, at the latest. Already the natural course of events has put some of these men to work; General Johnson's activity will put a few more to work; the united efforts of a people intent upon helping the President, right or wrong, will put a few more to work—if not 10,000,000 immediately, there will be 5,000,000, or 3,000,000. In a word, the Depression is over and we are on the upturn. That was true in June, 1932. Curves do not move in a single direction; they rather zig-zag over the chart. Therefore there will be a few downhill spots similar to the ones that forced the President to close the banks even before the doctors got on the job, but on the whole the tendency is upward. There is every indication that the crisis is over and that the patient faces a long and vigilant convalescence.

Again, the American structure of government is remarkably adapted to take care of unfortunate errors. Congress meets in January. It will want to see a very large part of the American people at work. If they are not at work, Congress will begin to rectify NRA. For whereas the 73rd Congress had to support the President without question, the next Congress will have to seek re-election in 1934, and no Congressman is going to face an angry and disillusioned electorate to please a lot of doctors, who never have to be elected because they are only called to their jobs. The NRA itself will go before the Courts and get purified there. Finally, it was only given a life of two years and if the 10,000,000 are not at work in two years, NRA will be thrown out of the window.

The American people survived fifteen years of the most intoxicating prosperity and four years of the most aggravating depression. They can stand two years of the doctors' experiment—particularly as while the doctors disagree the patient still has a chance. In fact, it is not even a two-year period, for already the so called practical men and the politicians who know the home folks are coming to the fore again. Even in the writing of the codes, the doctors had less of their own way in August than in July.

In a word, the country will survive even the experiments of the doctors, for, to go back to facts, this country survives not on its theories but on its natural resources. It gains its strength, not from its smart boys, but from its vast industrial man-power. Always erring, the American has a sense of humor which has kept him out of revolutions. Never as perfect as some of the doctors would have him, he has found a way to go on a wild spree in days of prosperity and to live on hopes when things go awry. Easily swung behind any bandwagon, he soon looks for a new one. Loving a man of action, he frowns on the fellow who knows it all. As long as he eats, even nickel hamburgers, he is willing to cheer his leader. But he wants overcoats this winter; he wants at least one of those chickens this Christmas. If the doctors don't provide it, he will vote for Republican Congressmen, and Mr. Roosevelt will throw the doctors out.

This country will not go to the dogs because a seminar of doctors disagreed on how to make it an economic heaven. Meanwhile, the fact stands that men are going back to work, prices are going up, the consumer is looking for bargains and the lawyers are reading the codes to see how they can get around them without losing the Blue Eagle. This is that kind of a country.

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Gold Prudery

By J. David Stern

The danger we court because of the national taboo against frank discussion of our monetary structure is warned of by J. David Stern, editor and publisher "Philadelphia Record," who tells of a recent tilt with the gold prudes.

"NICE people don't talk about such things." The prudes' taboo.

You hear it first when you are three. You ask Aunt Sarah about the mole on her chin, or announce to "company" just why you have to leave the room. You hear it all through life, in every strata of society.

Every calling has its locked closets, every mind its Bluebeard chambers. Most of us are engaged in a game of believing otherwise. As children, playing house, we resent the disillusionizing intruder who scoffs: "A house—why, that's just two chairs with a rug over them." The collector of postage stamps, or "first editions," confides to a bosom friend his all-consuming ambition to acquire the Alexandria, Virginia, postmaster's provisional, or Pickwick Papers complete. If the cynical friend asks, "What then?", the collector is as shocked as a mid-Victorian at a frank discussion of sexual problems. A hand has rapped on the locked mental closet.

Especially is this true of the collector of money. I refer not to the numismatist, but to the collector of coin of the realm, politely classified as the financier. Always ready to talk about acquiring dollars, he fights shy of analysis of the dollar itself.

That's something nice financiers do not talk about.

Remind a man with a million on deposit that he hasn't dollars, but merely dollar credits; that there is but one cash dollar for every eight credit dollars on deposit in the nation's banks, and he tries to change the subject. It is something about which he does not even want to think, let alone talk. It must never be permitted to develop into a debate.

Question the gold standard itself, and the reaction is much more violent. The average financier cannot discuss the subject dispassionately. He either effervesces all over the place with righteous indignation, or sulks.

I am not exaggerating. I have had plenty of opportunity to check up on this peculiar state of mind ever since *The Philadelphia Record* first urged suspension of gold payment in December of 1931. We added fuel to the flame by predicting that if we did not go off gold while the going was good, we would be forced off within the year. Our prediction, it turned out, was wrong—by two months. Gold payment was suspended fourteen months after the prognosis.

The prophecy was based on extensive consultations with university economists, principally with Dr. Luther A. Harr, Professor of Finance at the University of Pennsylvania.

But when we tried to check on the professors with the bankers, we came up against a blank wall. "I don't see how it does any good to discuss such things with the general public. Just tell them to have confidence. It's all psychological." That was a typical reply. The impression was inescapable that bankers not only did not want to analyze money, but had dutifully kept their minds off the subject and knew very little about it.

The subject makes them uneasy. They seem to have the dismal feeling that if it were thrown open to general discussion, the foundations of their comfortable world might crumble. They have grown up and made their fortunes with the reassuring conviction that "a dollar is always a dollar"; that it is valuable because it is solid gold; that it is the only staple value in the world because it represents a fixed, unvarying quantity of fine gold. This assumption makes the world they live in solid and safe. The dollar as a constant, is the fixed center of their universe. A monetary Copernicus or Galileo should be burned at the stake.

This reluctance to face fact is a prudery as pernicious as the sex variety with which we commonly associate the word.

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It was because of this prudery that the dollar was permitted to double in purchasing power during the Depression, chopping prices and wages in half, and making debts impossible to pay, without a single squawk from any of the prudes who run our monetary system. The change in the dollar was one of those things good prudes don't talk about, like the naked child running alongside the automobile. The dollar is the dollar, just as Pike's Peak is Pike's Peak—that is the first canon of financial prudery.

Anyone who asserts that the dollar is not always the dollar is a monetary vulgarian, to be shown the door at once. If the dollar sometimes buys two and one-half bushels of wheat, and at other times buys less than one—well, that must be the fault of wheat.

They chose a characteristic prude remedy for the situation, too. They decided to destroy wheat and cotton, rather than to make more dollars. They were quick to

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explain that too much wheat caused the wheat price to decline. Being prudes, they could not even consider that there was no more wheat when wheat sold for 40 cents than when it sold for a dollar—but that there were many billions fewer dollars when wheat sold for 40 cents than when it sold for one greenback.

That 60 billion dollars of bank deposits (credit currency) had shrunk to 40 billion dollars during the Depression, giving the dollar a scarcity value, increasing its purchasing power, slaughtering prices—this they would not talk about. It must be wheat!

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And so it was when *"The Philadelphia Record"* pointed out that we faced an emergency of war-time acuteness, and that we must "fight the Depression as we fought the war," by major inflation to arrest the vicious cycle of deflation, all the financial prudes had at me with their big bludgeons. I couldn't have been more soundly excoriated had I suggested a Bacchanalian festival at high noon on Broad Street in my city of Philadelphia. I had trod on their most tender toes. I had rapped on a closed door of their minds. I had questioned their sacredly sound dollar.

To hear the conservative press explain away our editorials at the time, we were as wrong as if we had suggested that the Atlantic Ocean was only five feet deep. They shot their biggest guns at us. "The soundness of the American dollar needs no demonstration."

This was the "sound" American dollar, mind you, that was then puffed up like a poisoned cow, that was impossible to secure for any reasonable amount of farm products or labor, that was driving all primary producers into bankruptcy. But the shoguns of Wall Street acted as if no farmer had gone broke, no debtor busted. Being prudes on this one subject of the dollar's changing value, they kept their eyes high above any evidence that might tend to spoil their illusion.

It was our simple thesis that money must be looked upon as any other commodity; that when it was plentiful prices were high; that when it was scarce prices were low; that since sixty billion dollars of bank deposits, our chief medium of exchange, had shrunk to forty billion dollars, it was high time to restore the price level by restoring those vanished twenty billion.

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That this financial prudery on the subject of the dollar's value exists cannot be doubted. In all the interviews of the Depression, try to find a single banker, except Frank Vanderlip, admitting that the change in the dollar's value had anything to do with our hard times. They all ignore the subject. In early infancy they were told by their teachers what a dollar is. The bed-time story goes something like this:

The United States Government takes some gold, and puts it in a little box in a safe in Washington. Then it takes a piece of paper, and prints a design on it. The piece of paper is called a dollar, but the real dollar is the gold in the little box. The printed dollar goes into circulation, but any time anyone gets tired of it, and wants the real gold dollar, he takes it to the Treasury, gives it to the nice man at the window, who gets a big key, unlocks the safe, takes out the shiny gold dollar and gives it in exchange for the paper dollar. That, says dear teacher, is why the American dollar is always sound, and now, little boys and girls, off to dreamland. Sleep tight! What did you say, Johnny? Oh, you want to know why they don't just use gold dollars all the time and not have to go to so much trouble? That, Johnny, is because gold is soft, and would wear out.

This is a very comforting bed-time story for Johnny when he grows up. He never forgets it. When he makes his first dollar he thinks of that shiny piece of gold in a little tin box, held in a safe in Washington just for him. When he makes a thousand dollars he has a thousand pieces of gold. When he makes a million, he imagines that they must have a man in Washington hard at work all day just attending to his pieces of gold. The modern Midas does not dribble gold coins through his fingers into a big bucket. Gold is soft, and would wear out. He lets the government handle it for him. But he has it!

Is it any wonder he should avert his eyes from the suggestion that he might not have it? Is it any wonder he should regard as a big, bad man, anyone who comes along and says the dollar is not a piece of gold in a tin box, but merely a percentage of all the purchasing power in the country, which varies as the total number of dollar units changes? Is it any wonder he prefers not to discuss the fact that the gold in the country is only a little more than 50 per cent of the currency, and is less than 10 per cent of the credit currency actually on deposit in the nation's banks? Wouldn't it make him feel uneasy, and even a little ridiculous, working so hard to acquire dollars, to find they were merely entries on a bank ledger, and nothing else?

He doesn't even want to debate the matter, any more than he would care to debate his own morals in public. When any "dollar incident" does arise, he runs away, or finds something behind which to hide. That is why, perhaps, that George R. James, member of the Federal Reserve Board, as reported in the *"American Banker"* of November 28, 1931, declared God had decreed gold always to be the symbol of money, as evidenced by the manner in which the gold supply kept pace with the world's growth.

This blasphemous willingness to hide behind the skirts of God to escape questioning is one of the hall-marks of the prude, who generally manages to enlist Deity on his side. But Mr. James's extreme haste to get away from thought on the subject is a characteristic shared by most Americans. That is why so few of us realize that we were off the gold standard during the war, and remained off for four years. That may even account for the fact that Davis Rich Dewey, author of the standard college textbook on the financial history of the United States, never even mentions this four year lapse from gold purity in his great work. That work ran through five editions after the war, revised each time—but the fact that the Treasury was not paying out gold from 1917 to 1921 was never included. The Midas mind shies off the subject. Garet Garrett, writing a series of articles for the *"Saturday Evening Post"* on America's financial glories, past, present and future, sings

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the well-known "sound dollar" song, and also refrains from commenting on the fact that we were off gold for four long years, and that no one paid much attention when we slipped back on again in 1921.

That is why eminent financial editors of metropolitan newspapers plead for higher prices, and at the same time warn against lowering the value of the dollar—oblivious to the obvious that when prices rise the dollar falls. Like water in a U-shaped tube, when one goes up the other must go down. The conventional financial writers want both ends of the see-saw to be up at the same moment.

It is because of gold prudery that financiers continue the pretty myth that the value of the dollar depends upon the number of grains of gold it represents, and deny absolutely that it depends upon the number of dollars, both actual and of the credit variety, in existence. Their argument is like contending that the price of wheat depends upon the vitamin-content of the grains, and not at all on the number of bushels in existence. That is why financial columnists fall over their own feet in their haste to explain that the rise in prices is due to increased business activity, and not to depreciation of the dollar. Any excuse but the one unmentionable!

That is why even Professor Irving Fisher, concocting his plan for a dollar staple in purchasing power, chose to control it by manipulating its gold content—and not by varying the number of dollars in existence, and devil take the gold content. That is why there has been so little open discussion of managed currency, just as there was, in the past, little open discussion of sex problems.

Even when the Government, as at present, is not paying out gold for dollars; even when the number of gold dollars is one-tenth the number of dollars in banks, we must still proceed on the pleasant theory that the dollar has value because of the gold "in" it, instead of accepting the truth that it has value because it is a debt-paying instrument, and that its value changes inversely to its abundance, and to the velocity with which it circulates.

Until this dollar prudery wears away, if ever, our economic life will be at the mercy of those who create and destroy credit currency at their own sweet pleasure. They can raise prices by destroying credit, or depress prices by increasing credit. Until we shake off our gold prudery, look the dollar in the face, realize that it changes and that we must control it, we shall continue to have booms and panics, our accidentally fat and catastrophically lean years.

Of course it is to the immediate selfish interest of the man with large dollar credits to have gold payment maintained. It insures the continuance of deflation, or increase in the purchasing power of his dollars. It blocks any possibility of inflation, or decrease in his purchasing power.

But the reaction of the financier to any change in our monetary system is not, and was not, based on any such reasonable grounds. Instinctively and emotionally he opposed any shift in the rules of his game—the game of gaining money, to which he had devoted his life. When President Hoover told the truth that the Treasury had been within two weeks of suspending gold payment, the gold prudes were so shocked they never could forgive him.

It was not until after gold payment had been suspended in March of this year that you find some rational discussion of monetary problems in our financial press. The bars are down at last; the Bluebeard chamber has been opened, and self-respecting financiers feel free to discuss the subject openly. Some have even gone so far as to read a book about it.

Why should this gold prudery of money collectors be any more important and significant than the various assorted pruderies which unbalanced acquisitiveness develops in collectors of etchings, old glass, etc.?

The answer is that "money talks."

It seems logical to ask the man who has the most money to tell us about money. The big financiers who contribute liberally to campaign funds are called into the party councils to mould the monetary policies which affect the lives of every one of us.

But acquiring a lot of money is specific indication of only one characteristic, intense acquisitiveness, which usually distorts the judgment on its object. The man of money may be well qualified to tell us how to get money, but he is least qualified to tell us how money should be managed by the government for the greatest good of the greatest number. Only as and when the nation awakens to this truth will we develop a staple monetary policy which will insure against future monetary depressions. The present depression may not have been caused by gold prudery, but it has been intensified by it. Gold prudery kept us from thinking our way out of it; let us waver along until we were forced on the crest of disaster into taking steps which should have been, and could have been, more advantageously planned beforehand.

Gold prudery commits us to accepting advice from gold prudes, from such a man as the famous Wall Street financier who is a liberal on most topics, but who suffers from the usual prudery as regards money—and whose advice to the present Administration is paradoxical because of that prudery.

Gold prudery gives us the comic spectacle of merchants, who have everything to gain by inflation, because it would immediately increase the money price of their inventory, fighting inflation. These merchants echo their bankers, the men of money who, they take for granted, know all about money.

Gold prudery makes those least qualified to be our monetary advisers, our advisers nevertheless. Bagehot, speaking of the directors of the Bank of England, said:

"They could not be expected themselves to discover such principles. The abstract thinking of the world is never to be expected from persons in high places; the administration of first-rate currency transactions is a most engrossing business, and those charged with them are usually but little inclined to think on points of theory, even when such thinking most nearly concerns those transactions."

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Capitol Men

By W. M. Kiplinger

An appraisal of the character and mental background of the men currently in charge of national recovery policies is made by W. M. Kiplinger, Washington observer and commentator, who was assisted by a corps of collaborators.

THEORETICALLY government policies are determined at the top; and suitable men are drawn in to execute those policies.

But actually the policies are determined at the top in only the most general way, in broad outline, and the men drawn into any new government not only execute but also formulate policies.

This is particularly true in the present Administration at Washington. The policies are all so new, so untried, so experimental, so hastily put into execution, that the men who administer from day to day must also devise new phases of policies from day to day. Washington personalities, therefore, are quite as important as Washington policies, for in the personalities lies the key to many policies of the present and immediate future.

In this discussion of Washington personalities, minimum attention is paid to what might be called *personal* personality: what a man wears, what he eats, how he lives, what he looks like, whether he is a good fellow or a grump. These are interesting items only when we regard officials as *specimens*. But for the present we are not interested in these specimens individually. We are interested in them collectively, as a political team, and the players are appraised in the light of what they mean to the whole team. Maximum attention is given, therefore, to what might be called the *impersonal* or *official*, personalities of these men: how they think, what the patterns of their minds and spirits are, what intellectual characteristics they have, where and how their abilities fit into the broad scheme of things.

In this job of appraisal of Washington personalities, I have not worked alone. I have had the aid of a dozen or more men, some unknown, some widely known. The collaborators cannot be named, unfortunately. I picked them because I considered their judgment of men good. I mixed and sifted their judgments in order to check against the imperfect knowledge, or the possible bias, which any one, two, or three men might have with respect to public personages. Even with this method, the product is not perfect. Many of these men have been in public life too short a time to show up their full public personalities. A better job can be done six months hence. Nevertheless, the impressions made to date on myself and my collaborators are recorded truthfully, in the hope that these will serve as guideposts to policies.

It may be well to consider in advance the question, What *are* the policies of the Roosevelt Administration? To define them, even to outline them, is a job in itself. Let us be content for the present with a few suggestive clues:

(a) Policies are essentially "progressive," or "liberal," or "radical"—the precise term being variable with the degree of "conservatism" or "orthodoxy" of the person who seeks to apply the term.

(b) "Property" weighs less than in any previous Administration, and "human rights" weigh more.

(c) "Money" and "monetary policy" is not a point of primary consideration. Money is not considered an end; money is regarded as a means to an end. Credit, including government credit, is not as "sacred" as heretofore.

(d) The idea of individualism has sunk, and the idea of collective action in all lines has risen. This may be called "socialism" if you wish. But the policy makers do not think in terms of orthodox, established, codified socialism. They think merely in terms of making the old machine work under new rules and new procedure which they make no effort to identify by any particular name or tag. "Socialization" is about as good a term as any.

(e) The Roosevelt Administration's policies are frankly *experimental*.

(f) The ultimate objectives, the aims, the purposes, are generally clear. The ultimate objective is to get the economic machinery going again, to *force* it to operate by direct means, such as industry control, agricultural adjustment and public works. It probably will be the policy to inflate credit and perhaps currency and to manage the money system. The ultimate objective is to make the people, through their Federal government, direct, control and regulate business.

(g) The precise methods, the exact course to the end, are not clear. These are determined from time to time, like the play-by-play tactics in a football game. These involve the experimental features. They are determined quite largely by the personalities within the team. Hence the importance of the personalities.

THE CABINET

Let it not be assumed that all members of the Cabinet, and all high officials of the Administration, are of the same intellectual, or philosophical, pattern. Not all have characteristics or political sympathies in line with the policies outlined above.

"Liberals" who are generally in line with the Rooseveltian ideas include Miss Perkins, Messrs. Ickes and Wallace —these three and no more, within the Cabinet proper. Add (outside the Cabinet) Morgenthau, Johnson, Peek, Berle,

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Tugwell, Eastman, Dickinson, Hopkins.

"Conservatives" include Hull, Roper, Woodin, Cummings, Farley, Dern, Swanson. Add (outside the Cabinet) Douglas, Jesse Jones, Acheson, Governor Black of the Reserve Board and many others. These men, except for the accident of early political affiliations, would fit quite as well into a conservative Republican administration as into this liberal Democratic Administration.

Roper is in a bit of a class by himself—essentially conservative, a middle-of-the-roader, but effective in harmonizing the two classes of thought.

The fact is that men with essentially conservative inclinations are numerically preponderant in the Roosevelt Administration. Another fact is, however, that Mr. Roosevelt heretofore has taken his cue more from the liberal advisers than from the conservative advisers, although now he listens to the conservatives, especially in the Treasury.

Within a year or two, the following Cabinet members, for one reason or another, are likely to be out: Woodin, Hull, Dern and Cummings. Not one of these men really "fits" into the Roosevelt scheme.

Divide the high-ups another way: into those who are truly and personally "Roosevelt men," and those who are "party men." The Roosevelt men include Woodin, Miss Perkins, Farley, Wallace, Morgenthau and—the remaining members of the Brain Trust.

The party men include Hull, Roper, Douglas, Dern, Swanson and Cummings. Thus most of the higher-ups are party men rather than close Rooseveltians.

But down in the government, in the second and third levels of officialdom, in the class of expert advisers and assistant administrators of this-and-that—here the Roosevelt liberals are strong. This is why some of the lesser luminaries deserve really more attention than the widely known big-wigs:

CORDELL HULL, *Secretary of State.* He is perhaps the only Cabinet member for whom everyone, with no exceptions, feels the utmost respect and affection. He has honesty, sincerity, absolute consistency, tremendous personal and intellectual dignity. You always know "where he is at." There isn't the faintest trace of shoddiness in him. He believes what he believes without deviation through the years. He believes (a) in the elimination of international trade barriers, and (b) in the sanctity of traditional principles of the Democratic party.

Circumstances have thrown him into the Cabinet at a time when his party feels forced to direct the nation into nationalistic policies, and into various economic experimentations which form no part of the Hull philosophy.

He does not "run" the State Department. Neither does the State Department run him. There's an intellectual chasm between him and most of his subordinates. So he is not happy, cannot become happy, cannot continue indefinitely in the Roosevelt cabinet. He represents the tragedy of temporary ineffectiveness of high ideals.

In a better ordered world, he would be a highly respected and well-beloved professor in a small college.

JAMES A. FARLEY, *Postmaster General.* The patronage manager who has but a single thought—to build a political machine which will re-elect Roosevelt in 1936. He is primarily a Rooseveltian. His ambition, his political creed, his principles, are to re-elect Roosevelt.

A practical man, without fancy theories. He is a politician who knows how to win men and groups of men with the political coin of jobs, or positions of influence. He has no illusions concerning politics. He wants the Democratic party to be able to re-elect Roosevelt. A frank man, an open man, a plain man with one plain idea. He does not understand those Democratic leaders who fear the patronage is "going too far."

He takes absolutely no part in formulating the *policies* of the Administration. These he leaves to others. He is the personnel manager.

Incidentally he runs the Post Office Department.

HAROLD L. ICKES, *Secretary of the Interior.* He has probably the keenest intellectual ability of any member of the Cabinet. He cuts through problems like a razor blade (like Tugwell). He is honest. His integrity is beyond question.

But he's a fussy man, a querulous man, an irritable man. When things don't go right, he is perturbed. He thinks of many details, would like to attend individually to each. To this keen, clean, honest, fussy man, our three billions of public works are entrusted.

DANIEL C. ROPER, *Secretary of Commerce.* A trained politician, a trained public servant, a conservative with such flexibility that he gets along well with liberals. His greatest ability is in harmonizing and conciliating. He's the greatest "smoother" in the Cabinet. He can smooth anything.

He's also an excellent administrator. He never drives. He never orders people about. He woos them with soft language, flatters them, makes them think they are great men. When self-seekers ask him to do something he turns the tables by asking them to do something for him. In the process of doing it they often discover the bugs in their own ideas. He has a passion for naming advisers. They advise him, and he uses them as spheres of influence to get things done. He is sentimentally devoted to old friends, and he isn't shrewd enough to know when old friends are using him in his public position.

He is "the McAdoo Cabinet member," but he will grow out of it.

FRANCES PERKINS, *Secretary of Labor.* She has the social mind, the social consciousness, the impulses of personal sympathy with all under-dogs. She thinks and feels for the proletariat. She lets no one pull wool over her eyes. She is the best Secretary of Labor we ever had.

But she is not big and broad-gauged, —yet. She doesn't understand the complicated mechanism of business as well as a Secretary of Labor should. She has made many mistakes, but is learning. She is tied in so tight with the President that she sometimes does not bother about being politically tactful.

Her sex (the first and only woman Cabinet member) has not proved to be much of a handicap. Dominant males find her satisfactory to deal with, although often a trifle nervous.

HOMER S. CUMMINGS, *Attorney General.* A professional politician who has given most of his life to party management. He managed to wiggle himself into the Cabinet as a temporary post after the death of Senator Walsh, and he managed to

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make it difficult for the President to replace him with some other permanent man. He is not a great lawyer and will not make any huge success as Attorney General.

The Department of Justice is always one of the principal fields for high grade patronage. Cummings plays the game after the Farley fashion. He has retained, however, some key men of great ability who happen to be Republicans, thereby showing administrative sense.

GEORGE H. DERN, *Secretary of War.* To date he has contributed nothing to the policy making of the Administration, and unless he shows more in the future than he has in the past he will be set down eventually as one of the distinctly minor personages of the Administration.

CLAUDE A. SWANSON, *Secretary of the Navy.* A good Secretary *for* the Navy, a man who believes in a large navy for the usual conventional reasons, a man who lets the Navy run the Navy, as all Secretaries of the Navy have done since Daniels.

His merit is this: he is kindly, wise and a good judge of human nature. People like him. Consequently he can get them to do things for the Administration. This power is felt, especially in the cloakrooms of Congress.

WILLIAM H. WOODIN, *Secretary of the Treasury.* An interesting man who might have been a great man under different circumstances. His mind works over fundamental problems with a simplicity and an originality and a creative ability not often apparent in public men.

But he came into the job without sufficient advance training in politics, in the art of handling public men and public policies.

A lovable man: "Gee whiz, I didn't want to be Secretary of the Treasury."

The lovable man with the good mind may be replaced. As this is written it isn't certain. One trouble with replacing him lies in finding another who is technically qualified and politically acceptable. *If* he is replaced, it will be by a conservative.

HENRY A. WALLACE, *Secretary of Agriculture.* He knows the farmer. His passion is for the farmer. He would do *anything* for the farmer. He is well informed, a little inarticulate, a little slow in acting, a little stubborn.

He is "progressive" by old standards, but quite conservative in comparison with many of his advisers. He is the sort of man who stands for a lot, then finally blows up and takes charge.

He does not balk at changing his mind. Recently he changed his mind about inflation as a remedy for farmers' ills. When he came into office he was frankly an inflationist. Now he is skeptical about inflation.

LEWIS W. DOUGLAS, *Budget Director.* A hard-working, nervy, uncompromising, fighting young man. More like Ogden Mills than anyone in the Administration. He doesn't believe in dollar devaluation, or monetary experimentations, or the artifice of "special budget" to cover up the fact of unbalanced budget, and he will not give in an inch on his convictions. Hence he is popular with conservatives, unpopular with liberals.

He is a good public servant, but not a good politician. He did not play good politics when he cut the veterans to the bone. A good politician would have known that the only way to get veterans' expenditure down is to whittle them down, not lop them off with an axe. (The truth is that the veterans' racket has more political strength behind it than the opposition has, and the veterans will "come back.")

HENRY MORGENTHAU, JR., *Governor, Agricultural Credit Administration.* A personal friend of the President, he believes in the socialization of credit for agriculture. Through him the government now does a banking business for farmers in almost every branch except checking accounts (and these may come eventually through postal savings).

WILLIAM F. STEVENSON, *Chairman, Home Loan Bank Board.* An old-line politician who has no peculiar qualifications for his job. He thinks in terms of building a Roosevelt machine. Such men at the head of government money lending agencies always lead to later trouble. They create questions as to whether the bonds to be issued by their agencies are "good bonds" or "political bonds."

HUGH S. JOHNSON, *Administrator of NRA.* A powerful, keen mind. He sees what ought to be done, and *bingo!* he's up and at and into it, with his head, heart, fists, elbows, shoulders and knees. He devises and directs a whirlwind, and he is the whirlwind. He picks good assistants, he fills them with his enthusiasm, and they do a prodigious amount of work. Backed by a stiff law, they try to perform miracles over-night.

He has driving force, but he has too little leading power. He looks upon the business public as a great army which can be ordered about, without much preliminary drilling by the drill sergeant. Inevitably he will clash and quarrel with business groups which, although perhaps selfish and short-visioned, have their ideas about how to run their affairs.

For the long-pull, government direction, government control of private business, is assured. The question is, How fast will it come, and how far will it go? The more discreet leaders of the Administration are afraid that Johnson will carry it too fast and encourage a reaction.

GEORGE N. PEEK, *Administrator of the Agricultural Adjustment Act.* A man very much like Johnson in all his characteristics, impulses, motives, methods and deficiencies. Not as spectacular, and less inclined to be dictatorial. He has moved more slowly, made fewer mistakes than Johnson.

Both Johnson and Peek are honestly and sincerely "pro public interest."

They are old personal buddies engaged in comparable jobs. They are intellectual and business proteges of Bernard Baruch. They resent the tag, because they think their work has carried them beyond Baruch. Yet everything which Baruch talked months ago is now being done by Johnson and Peek.

Peek thinks his old personal and business buddy, Johnson, has gummed up the recovery game for the farmers by raising prices of manufactured products faster than he, Peek, could raise the prices of agricultural products.

JESSE H. JONES, *Chairman, R. F. C.* An able, high-powered, go-getter business man, who has made and lost millions, who has played with politics on the side, who has wanted to rise to heights, who has done so. Essentially a wily horse-trader. He has exercised this power successfully to achieve office. He pulled so many

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political wires that the President couldn't get out of appointing him.

Recently he has been doing a rather good job of working out the Government recapitalization of weak banks which are needed in their respective communities.

EUGENE R. BLACK, *Governor, Federal Reserve Board.* A safe, sane conservative. A man who believes in such simple and homely principles as paying your debts and not living beyond your means, a banker of the old school. Yet, oddly enough, a conservative with sufficient pliability to adjust himself to the new order, and to play along with it, always in the cautionary spirit.

Incidentally, he is a man who attracts affection (like Woodin), and this affection can be turned to account later, when Federal Reserve policies emerge from the background and once again become a public issue.

LOUIS McH. HOWE, *No. 1 Secretary to the President.* Might be called the President's political wife. Nearly ten years older than Mr. Roosevelt, previously an experienced newspaperman, he has "brought the President up," and now tells him daily, hourly, what to do, whom to trust, how to make a hit with the public. Sees the President morning, noon and night and in between. Consequently he is becoming the focal point of much jealousy from nearly everyone else within the Administration. He is on one end of a score of little intra-family feuds. The President trusts him to give much advice, but the President doesn't always follow.

Howe thinks the President should have multitudinous semi-personal contacts with multitudinous citizens. He hasn't learned what Hoover learned by trial and error, that too many friends who feel free to give advice turn inevitably into captious critics, when they find their advice is not taken.

REX G. TUGWELL, *Assistant Secretary of Agriculture.* Brainy young man, genuine socialistic radical, zealot, economist, sharp mind which cuts through tangled problems. Has so much vigor that he wants to reform everything this year and next. Has no conception of the inertia and the slowness involved in all social change, or of the human reasons for the slowness. Would make a good adviser to statesmen, but would never make a statesman.

As an administrator and reorganizer of the Department of Agriculture, he has not done a good job. He has thought superficially in terms of blueprints, rather than in terms of actual functions of the various agencies. A high-grade thinker, but not a high-grade doer. He will improve, for he has the intelligence to see mistakes and to make tactical changes in his program.

A. A. BERLE, JR., *Assistant for Railroads, R. F. C.* Brains, intellectual prodigy, lawyer, knows everything about everything in the realm of economic history, corporation development and corporation finance. Believes in the desirability and inevitability of social control of all lines of business: industrial corporations, utilities, railroads, banking.

Both Berle and Tugwell are "working radicals" of the practical variety as distinguished from the sentimental variety which has been common in the past. Both are close to the President. Both are influential and respected. Yet everyone within the Administration is engaged in exercising restraining influence over their radical and sometimes impractical ideas.

JOSEPH B. EASTMAN, *Coordinator of Railroads.* Once upon a time considered an out-and-out liberal, now seems almost conservative. For years has talked closer government control of railroads, and now has a chance to apply his theories. Doesn't especially want government ownership, wishes it could be avoided, but believes it is inevitable. Has many views in common with Berle, but is less radical.

One of the best examples of honest, conscientious, hard-working, intelligent public servants. He knows not only *what* ought to be done, but also *how* to do it. He has a sense of "how much can be gotten away with." This is the sort of quality which comes from long training in public life and which many of the well-intentioned new liberals have not yet acquired.

O. M. W. SPRAGUE, *Treasury Adviser on Money.* One of two real American authorities on monetary policy, managed currency, controlled exchange, stabilization, etc. A technician of great ability and long experience. He will contribute the "know how" for many future monetary experiments, and will caution the Administration against some of the theories which may not work out in practical application.

An early teacher of young Franklin Roosevelt, who has great confidence in the Professor.

(The Administration's "money doctors" are Sprague, Warren and James Harvey Rogers.)

GEORGE F. WARREN, *Adviser on Monetary Policy.* The great apostle of dollar devaluation as an instrumentality for raising prices and keeping them raised to a "normal" level in proper relation to debts. He was imported as a tutor to the skeptics within the Administration. (Also to see whether the hard-headed skeptics within the Treasury could convert him away from devaluation.)

W. I. MYERS, *Deputy Governor, Farm Credit Administration.* Morgenthau's little brain trust. Deserves a rank along with Tugwell and Berle in the big brain trust. Has practical horse sense on how to trim and compromise and adapt a program so as to get it across. Essentially radical on agricultural credit matters, but in a step-by-step way. Member of the "Cornell crowd," which means he follows Professor Warren on devaluation.

ARTHUR E. MORGAN, *Chairman, Tennessee Valley Authority.* Experienced engineer along precisely the lines required for the Tennessee Valley. Original thinker. There's one thing everyone says about him: "He is the best man in the United States for the job."

He will keep political appointments and political influence to a minimum.

DAVID E. LILIENTHAL, *Director, Tennessee Valley Authority.* Former foremost state public utilities commissioner who refused to accept Supreme Court decisions as final. Not a radical, but anxious to apply social experimentation intelligently. Strongly "anti-power trust," in a sense, but not keen about government ownership and operation of utilities.

HENRY M. WAITE, *Deputy Administrator of Public Works.* Engineer, experienced both in engineering and in public administration. Like

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Morgan, he is probably the best man for the job. (Incidentally, he's a Republican. Farley kicked, but was downed.)

ROBERT FECHNER, *Director, Civilian Conservation Corps.* Administrator, executive, but not a policy maker.

FRANK C. WALKER, *Secretary of the "Super-Cabinet."* Seems to have good understanding of the need for coördinating government activities and policies. Has ability. But it remains to be seen what he accomplishes. Much depends on whether he devotes himself to patronage, or to the job of perfecting the government machinery.

JOHN DICKINSON, *Assistant Secretary of Commerce.* Lawyer, professor, expert in the theory of government. Trifle weak in practical administration, due to the professorial habit of looking superficially at the names or tags of functions instead of looking down deep into the functions themselves (like Tugwell in Agriculture). But, withal, an able man.

A strong partisan, to whom the faintest trace of anything pro-Hoover is anathema.

EWING Y. MITCHELL, *Assistant Secretary of Commerce.* Mitchell is Assistant Secretary in charge of transportation functions, whereas Dickinson, above, is Assistant Secretary in charge of commerce and industry functions.

As a man qualified to handle the intricate and tricky problems of shipping and transportation, Mitchell is an excellent Missouri politician who was out early for Roosevelt.

GUY T. HELVERING, *Commissioner of Internal Revenue.* A politician without much special fitness for the job. But has buckled down to work, and may not be as weak as everyone thought when he was appointed.

RAYMOND B. STEVENS, *Member of Federal Trade Commission.* In charge of securities regulation. An able man, with vision on how securities regulation ought to work in the public interest. Pretty much balked by other restraining influences.

(It is still undetermined whether securities regulation will become (a) merely bureaucratic persecution, or (b) drastic regulation, as Frankfurter would have it, or (c) middle-of-the-road and mild for a year or two, as Roper and other moderates would have it.)

DEAN ACHESON, *Under-secretary of the Treasury.* A brilliant young lawyer who knows little about finance, an odd selection for Undersecretary, because he doesn't fit into the Administration picture. An intellectual protege of George Rublee, a distinguished lawyer of Washington (and of the world).

J. F. T. O'CONNOR, *Comptroller of the Currency.* Good lawyer, able politician (in the best sense of the word), honest, courageous, knows little about banking. He has a ticklish job, because it involves the supervision of national banks in delicate times. Too rigid application of the law and regulations would cramp the banks, and close some of them. Too lax application (as in the past) would lead to future repetition of past troubles. The Comptroller must administer the examinations incident to insurance of deposits; there's opportunity for favoritism under pressure from state and local politicians. He seems to be the sort of man who will stand up against it.

He's a personal appointment of the President. He is not obligated to McAdoo, although he was one-time law partner of McAdoo.

WALTER J. CUMMINGS, *Chairman Federal Deposit Insurance Corporation.* Chicago business man with banking experience. Drafted by Secretary Woodin as executive assistant during the hectic bank panic days of March. Ever since then he has been working hard and quietly on problems of banking reorganization. Thus he has acquired practical knowledge of why banks busted and what must be done to minimize future busts.

Cummings is a fighting conservative in banking, credit and monetary matters. He and Woodin and Douglas have stood together as a trio to fight various experiments of the "liberals." The fighting ground lay in advice to the President. The trio of conservatives was outnumbered. Their advice at times did not seem acceptable to the President. Yet the President finally picked Cummings to head the Deposit Insurance Corporation. This illuminates the President's mind, showing the President's swing during August and September to the conservative point of view.

Cummings is the sort of man who might be considered as Secretary of the Treasury if he had more public reputation.

WILLIAM PHILLIPS, *Assistant Secretary of State.* He sifts the candidates for foreign ambassadorships and ministerships, and tells the Secretary of State whom to appoint, and subsequently administers the appointees. His contribution to American diplomacy is the quality of Correctness.

He is strong for "career men."

JAMES CRAWFORD BIGGS, *Solicitor General.* Not another John W. Davis, yet high minded, high browed, highly learned in the law, a typical leader of the bar. Not much of an influence in the Administration, and not likely to become one.

FELIX FRANKFURTER, *An Outside Influence.* He holds no official position, has refused appointment. But he deserves attention because through his outside influence a dozen or more brilliant and liberal young lawyers have been appointed to truly influential advisory positions within the government, in the Treasury, R.F.C., public works, securities administration, Labor Department, NRA, and elsewhere.

The Frankfurter men have great ability and honesty.

Justice Brandeis operates (philosophically) through Frankfurter. The Brandeis influence within the Administration is not a myth.

INTELLECTUALS IN GOVERNMENT

No Administration ever brought in so many acknowledged intellectuals or liberals as the Roosevelt Administration has done. Mostly young men in their thirties. Mostly academic men from the economic segment of academics. Many lawyers. Mostly men whose minds veer to the Left. Mostly in positions where they get little public attention. They are not executives; they are advisers to executives. Hence their unseen influence. A few such are James Harvey Rogers, adviser on monetary

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policy; Nathan R. Margold, Solicitor of the Interior Department; Isador Lubin, Commissioner of Labor Statistics; Harry Slattery, Assistant to the Secretary of the Interior; Louis R. Glavis, Director of Investigation, Department of Interior (public works); Charles E. Wyzanski, Jr., Solicitor of the Department of Labor; Jerome Frank, Solicitor of Department of Agriculture; Leo Wolman, Chairman of the Labor Advisory Board, NRA; Alexander Sachs, chief of statistics, research and planning, NRA; Herman Oliphant, General Counsel, Farm Credit Administration; Oscar Chapman, Assistant Secretary of the Interior.

The new "liberals" are found mainly in the Departments of Labor, Interior and Agriculture, and the control administrations—not many elsewhere.

MEN IN GENERAL

Not even Hoover had as many practical business men advisers as the Roosevelt Administration has now accumulated. Most of these are attached to the Recovery Administrations (both industry and agriculture), and to public works.

Few old party men have been called in. The Roosevelt Administration doesn't quite trust them, thinks it can get along better without them, prefers Roosevelt men to old party men.

Many good men previously in the government, holding over into this Administration, have not been covered in this discussion. Many good new men occupying administrative or executive positions are not mentioned, because emphasis is on the policy making personalities. The terms "radical," "liberal," "progressive" and "conservative" have been used herein with a feeling of apology, the apology being based on these two points: (a) Dislike for pat tags, which are apt to be misused because of the very ease of using them; (b) Inability to classify all men in this simple way, for some are motivated by varying degrees of liberalism or conservatism. There's entirely too much conventionality in the characterization of public men as ***precisely-this*** or ***exactly-that.***

It is noticeable that many liberals of the Bull Moose or LaFollette or Norris type look conservative in comparison with many of the social and political experimenters of the new Roosevelt school. The dissimilarity of processes of thought is often concealed by the similarity of lingo. The old-style liberals are much given to using copy-book terms.

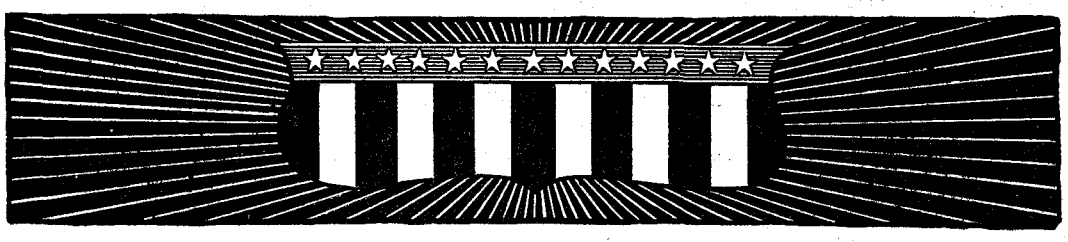
The experimenters insist always that they are more "practical" than the orthodox men and methods. They lay emphasis on the flexibility and adaptability of the new order of thought.

Reformers, having the best of motives, sooner or later discover that they are deficient in their knowledge of how the *machinery* works. The governmental machinery, the body corporate of the government, is not being well administered, due to the inexperience of the new administrators. The morale, the volume of work turned out, the quality of the work done, the efficiency of routine operations—these are low in most government departments, bureaus and commissions today.

"The pure bloc." This is the term applied by observers to scores of new officials or subordinates who have come into the government with zeal for reform and who think that they, and they alone, represent the true and undefiled public interest.

Policy-making personnel of the government is many times more important at this time than at any previous time within a generation. The government has bitten off a great deal, and may not be able to chew it all. The greatest economic and social experiment of recent history is suddenly put into operation. Whether it will work depends on our collective intelligence, both outside and inside the government.

The government itself does not necessarily embody within itself the superior brains. No one seriously claims that the officials now in charge are super-men.



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The Navy Looks Over the Next One

by Wayne Francis Palmer

Equipped with unmanned warships, the Navy studies the problem of the next test of our war power afloat. The study is presented by Wayne Francis Palmer, former naval officer and writer on naval subjects.

"I WILL make no other Introduction to the following Discourse, than that as the Importance of our being strong at *Sea* was ever very great, so in our present Circumstances it is grown to be much greater, because, as formerly our Force in Shipping contributed greatly to our Trade and Safety, so now it has become indispensably necessary to our very being.

"It may be said now, *thou art busy about many things, but one thing is necessary.* To the question, What shall we do to be saved in this World? There is no other answer but this, Look to your moat."—*Marquis of Halifax* (1694).

The United States Navy is not ready today for war. This means that the Navy is neither prepared to defend itself nor to guarantee the coast line against an aggressive attack. It cannot be made ready for war with a first class power inside of two years.

This lack of preparedness is no fault of the Navy because such ships as it is able to keep in commission are in excellent condition and its limited personnel is ready, so far as it is able, to maintain the finest traditions of the Service. During the Depression years the enlisted men have seen the advantages of re-enlistment. The old slogan of "Join the Navy and see the world," has been changed to "Stay in the Navy to find security." Deep has been the gratitude of these men. At no time has the performance of the Fleet in gunnery equaled that of today. Even those responsible for the technical development of our fire control instruments assign the reason for this to the splendid morale of the re-enlisted men. It must also be stated in fairness to the men of the Fleet that early this year when they were given a fifteen per cent reduction in pay, all that was heard was a cheery, "Aye, aye, sir." The response in the British Navy two years ago when a similar reduction proposed was mutiny.

The great difficulty that the Navy faces today is the lack of sufficient men to give the fleet the sustaining effort necessary for long, hard cruises under war conditions. The fault is clearly the responsibility of the people of the United States and it can be traced to a pride in the Navy amounting to a dangerous conceit. It is felt that the Navy always has pulled through and, furthermore, American sailors are American and that is nine tenths of the battle. That this same pride is true of the English is shown in the following quotation from Lord Fisher, made at a time before the French and English alliance when the Cabinet was discussing a certain program of ship building: "Sir William Harcourt always started the conversation by insulting Lord Spencer (quite in a friendly way); then he would say to Sir Frederick Richards, 'I always thought that one Englishmen was equal to three Frenchmen, and according to this table of ships required, which has been presented to the Prime Minister, it takes three Englishmen to manage one Frenchman.' Old Richards would grow livid with anger; he wanted to say, 'It's a damned lie!' but he couldn't get the proper words out!"

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The Japanese also have a right to feel the excellence of their sailors and ships. Their naval history has been a proud performance but they are not trusting to pride. They have built their Navy up to full treaty strength and, although they have a treaty limit setting a ratio in ships of 3:5 as compared with the United States Navy, they have 85,000 enlisted men to our 79,700. Man for man the Japanese sailor must be accepted as being the equal of our own in seamanlike qualities, stamina, and technical ability. Their longer period of enlistment makes permanent a degree of training that our Fleet has only attained through the rigors of the Depression.

It is insufficient man-power that permits the statement that "Our Navy is not ready today for war." Secretary of the Navy Swanson says: "Our new cruisers have a steaming radius of at least 10,000 miles. They also have a high established speed. However, the engineering complement is so inadequate that they will be unable to keep up the necessary head of steam. There is no need of building ships unless we have trained crews to man them. If we should have to steam to Hawaii, or to some other distant place in an emergency, we should be in a bad fix."

The United States has today 128 destroyers and twenty-eight submarines that do not have an officer or man aboard. A warship is a delicate instrument that requires constant maintenance and operation to prevent rapid deterioration. Yet were these vessels kept in the highest state of perfection, without their crews they must still be lifeless things.

It must be granted that conditions in the past have been peculiarly kind to the United States' system of unprepared-

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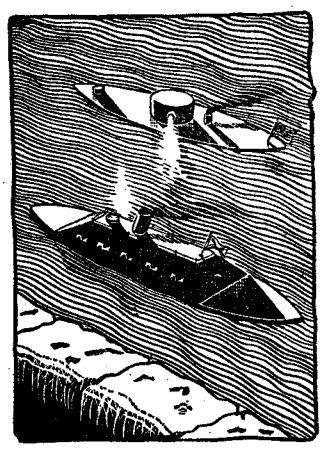

ness. In the War of 1812, England's Navy was engaged elsewhere. About the war with Mexico, little need be said as Mexico had no fleet. In the Civil War several years were spent in building up the strongest navy in the world to defeat and blockade the Southern States which, at the opening of the conflict, were without a single ship. An abundance of time, as well as an enfeebled enemy, permitted a splendid performance against Spain. In the World War, aside from a squadron of battleships and minelayers in the North Sea and a few destroyers and other light craft working in the waters southeast of England, the Unites States Navy did not participate as a fighting force. The Fleet at Yorktown, Virginia, was entirely emasculated as a fighting force. It became a training school afloat, engaged in a hurried effort to convert in a few months raw farmhands into rawer sailors. Everyone did his best, even the raw sailors, but the distinction between all that and real naval war must be understood.

It was modern warfare when in 1914, several days before the war was actually declared, England's fleet, fully mobilized and manned, slid out into the North Sea to get the strangle-hold on Germany that she was never able to break and that finally brought her to defeat. Against China and Russia, Japan did not declare war and then convert her navy into a training school. She struck deadly blows even before war was declared, and never lost the offensive.

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Today, Japan has manned her fleet to one hundred and ten per cent of war complement. If a ship's wartime complement is 1,300 men, its peacetime complement is about 1,100 men. Whereas, such a ship in Japan is manned with 1,430 men, the same ship in the United States today is manned at 77.6 per cent of peacetime complement, or with 854 men. The result of these two policies at the declaration of war is obvious. Japan will be able to withdraw immediately 130 trained men from this ship to train the drafts of new recruits, or to man the many auxiliary craft that war requires. The United States, however, must infiltrate 446 untrained men to dilute the fighting efficiency of the ship. One third of the ship's company would not even know the fundamentals of living on board ship, much less the technical routine and teamwork that permit a ship to steam at full speed for long intervals and to fight to its fullest effort. It is beyond the physical endurance of the present limited trained personnel to steam and fight under war conditions without help, but with unseasoned help their condition is even more serious. Drills and years of drills, years of men working together after each has thoroughly learned his own part, are necessary to fight properly the intricate man-of-war of today.

Admiral Richard H. Leigh, who has just come ashore from the high position of Commander-in-Chief of the United States Fleet, tells a story that shows what may be expected from green men: "One of the most difficult points in the world to handle a large ship is in the East River at New York. The current and tide combine with the heavy shipping, darting in every direction, to make it a perfect bedlam. Anyway, battleships are not made for close maneuvering.

"I was taking the newly commissioned *Tennessee* on her 'breaking-in' cruise from the New York Navy Yard where we had received a draft of mountaineers, a patriotic gift to the ship from her home state. Just as we passed under the Brooklyn Bridge, the steering engine refused to respond. There we were in a maze of traffic, caught in a swirling current, and the nearby piers seemed to be rushing towards us. We only avoided disaster by going ahead on one propeller and back on another until we were out of danger. I tell you, those were nervous moments.

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"I sent a junior deck officer about as fast as he could run to find out the cause of the trouble. Well, one of our mountaineers, because he was an electrician back home, had been assigned to watch an instrument board. Due to a defect in some part of the electrical installation, it was necessary to avoid an over-load. One electrician was instructed, if such an overload appeared to be developing, to throw off certain specified circuits to unimportant parts of the ship. All went well until he noticed that the steering motors were drawing heavily on the available power so, although this line was not in the specified bank of switches, he pulled it. It was some time before the trouble could be found. This electrician was promptly assigned to other duties where he could not endanger the ship."

The number of enlisted men allowed to the Navy by funds available this year, 1933-34, is 79,700. The number necessary to man the ships now in commission with full peacetime complements is 92,000. The number necessary to man all ships of the present navy, in commission, in reserve and out of commission, in the event of war is 105,000. It must be noted that even this number does not provide for personnel for the ships now under construction and for surplus personnel to train the new recruits and Naval Reserve at the outbreak of hostilities. If we are to have security, and if our Navy is to function in accordance with its accepted mission, the enlisted force should be built up to 120,000 men as rapidly as they can be assimilated. The rapidity of this growth must be left to the discretion of those responsible for the operation of the Navy, and not to the mood of any particular Congress. Today the number of men that could at one time be effectively trained is limited by the number of ships in commission, and that number is 92,000 men. This number can, of course, be increased by increasing the number of ships in full commission and by expanding to a slight extent the training facilities on shore.

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The recent harsh economic conditions have put a load on the shoulders of every citizen, limiting his viewpoint to the bruises caused by his own burden. He has had little time to observe the critical international situation that has developed into a threatening cloud darkening the entire globe. If Washington can only lighten his burden; can increase his income; can lower his debts; and can insure him continued occupation—this is all that he desires. He has hope and faith in what Washington is doing for him; he accepts without analyzing. He has seen Federal em-

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ployees increasing by leaps and bounds—10,000 for the Home Loan Bank, 17,000 to enforce the new Farm Act, 25,000 for the Industrial Recovery Act—but not one man to guarantee the nation from external attack. "It may be said now, *thou art busy about many things, but one thing is necessary.* To the question, What shall we do to be saved in this World? there is no other answer but this, *Look to your moat.*"

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The question of line officer strength is not critical today, but it is a problem requiring a far-seeing policy. An officer cannot be developed in two years. It requires four years at the Naval Academy and four years at sea before he becomes of independent value. The number of active line officers permitted by statute is 5,499 in all ranks. The actual number in service is about 500 in excess of this number because of special legislation. By limiting the commissions to one half of each class that graduates from the Naval Academy, the number is being reduced and will reach the allowed 5,499 in about four years. This year, in June, about two hundred and fifty of these splendid young graduates were released to civil life. These carefully trained and proven boys, after having had one of the most expensive educations in the world, were released almost on the day that the new six million dollar Coast Guard Academy at New London, Connecticut, was dedicated. At that time the first class of Coast Guard cadets entered upon their education. Upon graduation, they will take positions aboard vessels, for the most part loaned to the Coast Guard by the Navy. In case of war, the entire Coast Guard immediately goes under the Navy Department. Why couldn't someone have done the sensible and obvious thing in this case? Why run two expensive schools to train officers for the same duties, and then turn out of the Service the over-production?

The number of line officers required to man ships in commission, in reserve, out of commission and now building, in order that these ships may be prepared to meet an enemy at sea, following a declaration of war, is 6,838. The figures given, as they apply to both officers and men, do not cover, of course, full war requirements. There are the retired lists, the Naval Reserve and the new volunteers who can be promptly mobilized and, with limited training, can take over the operation of auxiliaries, merchant ships, act as armed guards, handle communication, and service the multitude of positions that must be filled in time of war. The figures of 6,838 line officers and 120,000 men merely apply to the first line of defense that must, at all times, be ready for instant action. This provision mans the combat force.

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The next war will have, aside from certain fundamental principles, little resemblance to those gone by. In the last war the German Fleet was able to retire to the security of its harbors and choose its own opportunity for emerging into the North Sea or the Baltic. The British Grand Fleet, aside from occasional sweeps out into the North Sea and aside from regular battleship convoys for merchantmen each week to Norway, spent its idle days behind nets and minefields in complete security.

Minefields and nets were once a bar to those venturesome souls intent on entering an enemy harbor to destroy an opponent lying there in contentment and security, and off guard. Today, three elements have made for insecurity of the fleet in harbor.

The following episode, while having been lost in the wild jubilation of the Armistice that immediately followed its occurrence, was not only one of outstanding personal bravery, but it marked the development of a weapon of war which is to influence greatly both offense and defense in the next war. The idea was not new in itself, but its very audacity makes it important.

Two Italians, one a naval doctor, the other a naval constructor, threw aside all precedent for warfare at sea and hit upon the idea that it didn't make much difference how you blew up an enemy ship just as long as your plan was both honorable and effective. They went into the laboratory and the machine-shop and finally dropped into the water their idea of a man-of-war. It was not much of a vessel; there were no flags flying from it. It was even without defensive features, and therein lies the kernel of all these new ship killers. It was merely an explosive mine, propelled by compressed air much as a torpedo but designed to operate at slow speeds. Two men hung to its sides to guide it and to maneuver it through nets and booms. For several months they risked their lives swimming with it at night around the various Italian bases. Not once were they detected, and at no time did anyone outside of the supreme command know of their crazy doings.

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Finally, the night arrived for the big adventure. The sky was overcast and rain threatened. The sea was quiet, leaden, dark. They sailed away in a destroyer headed for the supposedly inaccessible Austrian harbor of Pola. When the minefields were reached they transferred to a small motor boat. In order to conserve the limited supply of power in their little craft they went in as close to enemy patrols as discretion would permit before they entered the water. The motor boat turned back and there they were, alone—two men clinging to a freak invention—setting out to defy the superdreadnoughts of Austria. It must be remembered, incidentally, that although at the beginning of the war Austria's navy was not comparable in size with the leading powers, yet it was probably at the highest efficiency of any force afloat. Consequently, this expedition was made against no slovenly opponent.

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In went the little craft through nets, over and under chains and booms, past guards and guardships. Each operation required the full ability and strength of the two operators to tug and haul their way through. After hours of struggling and narrow escapes, they entered the harbor of Pola and came alongside the superdreadnought *Viribus Unitis,* one of the most powerful ships in the Austrian navy. Just after the mine had been secured to the hull of the sleeping giant and the time firing mechanism set to explode thirty minutes later, daylight arrived and they were discovered. A motor boat

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made short work of their capture. They were taken aboard the very ship that was so soon to be destroyed. They warned the commanding officer to abandon ship but would not disclose the nature or location of the threat that imperiled them. At the end of the half-hour the deck shook, a column of water reared itself high alongside the ship. Slowly she settled, finally rolled over and disappeared below the surface of the waters of inaccessible Pola harbor. Two swimmers had succeeded in destroying a battleship in a war where battleships themselves had been unable to sink their own kind.

The second of these disturbing new weapons is the high-speed torpedo motor boat. They, again, are little craft, only fifty-five feet in length, built of wood, carrying two torpedoes, and with their two young officers and crew of three men, they can tear along with the speed of an express train. They are not bothered by mines because they skim the surface of the water well above them. They are not stopped by nets or booms because they are designed to go right over the top. The first of these little men-of-war was developed and officered by the Italians. Their Latin natures were not content with a naval war of slow strangulation. The first expedition was a dash into the harbor of Trieste, where the old Austrian battleship *Wien* was sunk. The Italians also used this new weapon with deadly effect in the open sea when they penetrated the Austrian destroyer screen and sank the *Szent Istvan,* a sister ship of the *Viribus Unitis.*

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The most interesting exploit of these naval rapiers occurred in the war between Great Britain and the Soviet Government on August 17-18, 1919, when seven of them left the British Fleet and dashed for twenty miles towards the harbor of Kronstadt. Only four of them made the inner harbor, but they succeeded in torpedoing and sinking an old cruiser, a battleship and a battle cruiser. The cost was three motor boats. A motor boat for a battle cruiser is a fair exchange in any man's war.

These boats are no longer than the service boats now carried on the new cruisers. By this means of transportation they can be carried at high speed and dropped within a reasonable attacking radius of their objective. To economize in fuel, they at first can make their way slowly, and, as they approach their destination, rush in under full power. Having delivered their attack their function has been fulfilled. Such boats as have survived can be destroyed by their crews before they submit to capture.

The airplane is the third weapon that will ferret ships out of their harbors both from fear of direct attack and through the necessity of active defense of the coast line. There is some slight possibility, in the present development of the art of aviation, of bombing planes making long distance flights against points in the United States, but, today, the flying radius of bombing planes is too limited to cause serious concern over this point. There is, however, a practical air threat against our ships and coastal cities even though the enemy air bases are far distant. The sophists easily scout the possibility of an air attack on our Pacific coast by Japan. They say, "The distances are too great; it couldn't possibly be accomplished." Let's see. It is only 4,530 miles from Japan to San Francisco. An aircraft carrier or a modern cruiser has a cruising radius *in excess* of 14,000 miles. Steaming at her leisure across the ocean until the danger area is reached, she can increase her speed to thirty-three knots as she dashes into a point of vantage to launch her airplanes. If the conservative radius of a bombing plane is 800 miles, the cruiser will approach to within 600 miles of the coast. The bombing squadron, with its escort of combat planes, is now certain to reach its destination. Do not overlook our recent war games off the Pacific coast when the attacking forces successfully bombed several large cities in spite of the defensive forces that had knowledge of their approach. What about the return trip? There will be no return trip. The attacking planes would not be permitted to lead the enemy planes back to destroy their mother ship.

This is to be the new phase of naval war. The cherishing of vastly expensive materials of the last war is to be supplanted by a ready prodigality of these relatively cheap means of destruction. The new aircraft and motor boats must be considered as being expendible material and the sacrifice of the lives of their crews must be accepted as part of the cost. After all, comparisons of all army and navy expenditures of personnel in the last war reflect against the naval commanders. A decisive victory at the Dardanelles, or at Jutland, at the risk of more sailors' lives, would have saved millions of soldiers' lives.

How do these new weapons affect the Fleet and the question of man-power? The Yorktown training fleet of the last war is not a possibility of the next. The Fleet's first function in the last war was to protect itself. Now it must actually assume the duty of protecting the coast line, not by strategic concentrations but by patrols at a sufficient distance from the coast to prevent the approach of enemy cruisers which may serve as a base for raids similar to those described. This watch cannot wait for the training of sufficient men to man the ships. At the first threat of war they must go on duty far at sea. Their watch can never be relaxed, their cruises will be long and the speeds maintained must be high because the waters to be covered are vast. The forces at sea will have to be sufficient to cope with a concentration of enemy cruisers.

To meet these arduous requirements, security demands that seasoned, trained and adequate forces be provided in the engine-rooms of all ships and that every fighting billet for officer and man must be filled. The question of providing and training adequate man-power for the combatant forces has become a function of peacetime and not of war. We must desist from courting disaster. We must properly man our Fleet.

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Lo, the Poor Bootlegger!

By Samuel Taylor Moore

Will the liquor tax after Repeal perpetuate the bootlegger? Samuel Moore discusses this question in the light of the existing, and possible, tax burden to be imposed upon legal hard liquors.

EARLY last summer my bootlegger confided his concern as to his business future. Each new repeal victory appeared to discourage him greatly. Confessing to past improvidence with his illicit profits, he announced that henceforward he would practice extreme thrift against the hastening day when legal liquor would make his illegal trade obsolete.

Yet in mid-August my amiable confederate in law-defiance made a delivery in unprecedented splendor, driving up in a pristine new car priced in the higher brackets, and adorned in striking sartorial elegance. Moreover, he appeared his old carefree self again. Noting my surprise, he explained:

"There ain't nuthin' to worry about now. The 'Big Feller' tells me we're gun'na stay in business and prob'ly make as much jack as ever. You'll be calling me up when the country goes wet, the same as you do now. The Boss got the real dope last week. Booze taxes are gun'na be so high you ain't gun'na be able to afford legal stuff. Everything's Oke."

Intrigued by such optimism from high places in the bootleg racket, I was prompted to survey the tax situation in the impending Wet Era. I have to report that there is a substantial basis for the confident prediction of the anonymous "Big Feller." He has every reason to regard the future with smiling assurance. Already tax-hungry governments blindly are insuring perpetuation of the bootleg system by excessive taxation. It stands clear that by reason of such taxes the return of legal liquor merely is to constitute a new form of Prohibition—economic dissuasion instead of moral law. The person suffering from the average Depression income faces the alternative of abandoning hard liquor conviviality, or continuing to patronize his bootlegger. The record of the Dry Era suggests the extreme unlikelihood of the chances of the former choice.

Basically, the financial distress of all governments may be blamed for the disheartening outlook; but that does not alter the dollars and cents of the situation. But before we examine the profit incentive for bootleggers which threatens to continue in existence in the happy days after Repeal we must pass upon a favorite premise of professional Repealists. Repeatedly we have been told that Prohibition has caused a vast increase in the use of strong drink, and that high taxation of hard liquors will compel general substitution of wines and beers, leading to greater temperance. That claim must be questioned. America always has been a nation of hard liquor drinkers. Before Prohibition whiskey was as definitely our national beverage as vodka is the national drink of Russia. Evidence that pre-Volstead bibblers gradually were turning to wines and beers is lacking in conviction. The stimulation of strong drink is in tempo with our national life. Conceding that prospective taxation on wines and beers comparatively is modest, the question remains one of human appetites. The ready assumption that American drinking habits may be altered by economic compulsion certainly is open to challenge.

We may then survey briefly the hard liquor situation. Four years must pass before an adequate supply of American whiskey can be distilled and properly aged. There has been some discussion of lowering the government requirements for aging in the interim, but experts are agreed that such inevitably "green" whiskey not only would be an affront to connoisseurs but a menace to public health and conduct. Therefore the supply on hand of properly aged whiskey, and that which will mature in the next four years, is less than a third of a normal year's consumption. It must last until 1937. The inexorable law of supply and demand will operate to maintain prices for bonded whiskey beyond the average pocketbook, irrespective of taxes on the product. Even "blended" whiskies will sell dearly.

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Those who look to foreign sources for potable substitutes: Canadian rye, native Scotch, French cognac, Cuban rum, will find a customs barrier of $5 a gallon, adding $1.25 duty in addition to Federal and state taxes to the cost of each quart of uncut imported hard liquor. It must be borne in mind that we are here considering solely the relative cost to the consumer of legal and post-Repeal bootleg liquor.

With such prevailing obstacles before a ready supply of favorite hard liquors but one remains—gin. It will be the most available and cheapest hard liquor on sale. Because aging plays no part in its manufacture, either as a juniperberry distillation or as a synthetic compound, it may be

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produced in practically limitless quantities almost overnight. I repeat it will be the cheapest variety of strong drink available—but it will not be cheap! Legal gin cannot sell at less than present bootleg rates. Taxation alone will exceed the complete cost of the familiar home-made gin, which at current quotations may be compounded at fifty cents a quart.

Wherefor we may examine in detail existing taxation as it will apply to that product, first considering Federal taxes.

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So long as the 18th Amendment is a part of the Constitution, Congress cannot legally enact legislation to regulate the sale of alcohol as a beverage. In any event there is every reason to believe that a period of several weeks, or months, will intervene between formal ratification of the 21st Amendment and the final adoption of Federal laws to regulate the sale of alcoholic beverages. In the interim internal revenue taxes must be makeshift.

In that situation, two sections of the existing internal revenue laws might be held applicable. One is the medicinal tax provision of $1.10 a gallon. The other is entitled *"if diverted for beverage purposes."* The latter tax rate is $6.40 a gallon. The diversion tax has been imposed on all liquor seized by Prohibition enforcement agents, irrespective of any criminal aspects involved.

Both of the foregoing rates represent precedent in liquor taxation. The $1.10 rate was the established liquor tax for almost a quarter of a century before our entrance into the World War. The $6.40 rate represented a maximum increase of the liquor tax as a war revenue measure in the last year of the legalized sale of strong drink.

Since hard liquor drunk as a beverage hardly would be entitled to medicinal classification, it was generally assumed that the diversion tax would apply. Estimates of the Administration as to liquor tax revenue in the first year of Repeal ($250,000,000) were calculated on that basis. But at the close of August, legal experts of the Treasury Department informed the President that such would not be the case. The phrase, *"if diverted for beverage purposes,"* was ruled by the experts to imply "illegally diverted." Believing that the courts would so interpret the law, they have advised Federal officials that the prewar rate of $1.10 a gallon should be imposed.

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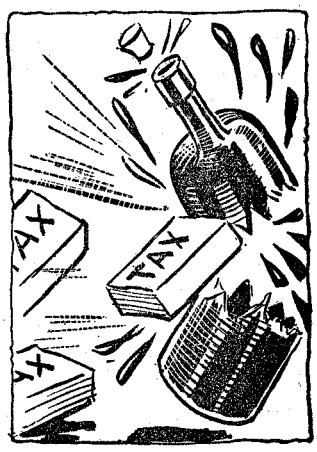
Further legal technicalities which need not concern us are involved in that ruling, but certain it is that the internal revenue tax on hard liquors will not be less than $1.10 a gallon when Congress is free to enact a new tax law. It is understood that the Administration will urge Congress to adopt the $6.40 rate, but for the purposes of this article we will assume that the minimum rate is reestablished. It should be pointed out, however, that because of the precarious plight of the Treasury the $6.40 rate will not lack for supporters even among sincere Wets, while the Drys are certain to insist upon maximum rates. Therein do we have a modicum of assurance that the bootlegging system will be perpetuated.

With a minimum tax of $1.10 a gallon assured, we may return to the consideration of taxes and gin. And at once we must apply an important technicality in internal revenue liquor laws. Such taxes are provided on an interchangeable measure, either proof, or wine gallon. Proof measurement is based on alcoholic content in the ratio of two-to-one, that is, "100-proof" is 50 per cent pure alcohol. The wine gallon measure applies to beverages "100-proof" or less, proof measure to beverages of more than "100-proof" content. The commercial standard for a nominal gallon of alcohol is "190-proof." Therefore the internal revenue tax is figured at $1.10 multiplied by 1.9, or $2.09. If the $6.40 rate applied, obviously the Federal tax on a gallon of alcohol would amount to $12.16!



But we are not yet through with direct Federal taxation. Another tax is imposed as the alcohol is converted to gin, a rectifying tax. Rectification is the alteration of an alcoholic liquid by the addition of any foreign substance save water. Dilution of the alcohol with flavoring extracts constitutes such rectification within the meaning of the law. The tax on that process is thirty cents a gallon. Assuming that the gallon of alcohol would make ten quarts of gin, the rectification tax would amount to 75 cents, making a total of direct Federal taxation of $2.84.

That tax must be considered against the current bootleg quotation on alcohol of $5 a gallon, flavoring extract included. But we are not yet through with direct taxation. The state now steps in, and here is the final guarantee to the bootlegger that he may continue in business at a profit. Few of the wet states have enacted legislation to regulate the impending liquor traffic. In the temporary legislation adopted by the legislature of New York State we find a prophecy of a sort concerning this new taxation, but it must be stated at once that there is small hope that other states will adopt tax schedules of equal moderation.

The New York State liquor tax is now fixed at $1.00 a gallon. If that tax is applied to the completed gin product it will amount to $2.50. In any event a gallon of alcohol must pay direct taxes, Federal and state, of at least $3.84, possibly $5.34. Nor is the tax collector yet disposed of completely. It is difficult, if not impossible, to compute in detail the apportionment of further indirect taxes. However, one fact is inevitable—the ultimate consumer will be forced to pay them.

What fees the Federal government will demand in return for licenses for distiller, wholesaler and retailer may not be known until Congress acts. State license fees unquestionably will vary. New York State has prescribed annual fees of $15,000 for distillers, $4,800 for wholesalers, $1,200 for retailers, in New York City. New Yorkers who would imbibe legally must pay them.

It would serve no purpose to detail the involved Federal and state taxation figures on a quart of legal gin. It is enough to say that in Manhattan a bottle of that strong drink will bear taxation of at least 70 cents. Thereafter may be considered the cost of the product itself in terms of manufacturing cost and overhead, bottling, shipping and profits for wholesaler and retailer. It is inconceivable that legal gin will retail at less than $1.50 a quart, a price now quoted as the maximum at "Cordial shops," which are wicked Manhattan's free and open liquor stores. That is

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three times the present cost of home-made gin. Is it to be wondered at that the bootleg "Big Feller" has assured his minions that they will "make as much jack as ever." The conclusion is inescapable that short-sighted legislators, by excessive taxation, easily may perpetuate the system they seek to destroy.

In such a paradoxical situation we may frankly question three main arguments of professional Repealists which in varying phraseology have been dinned into American ears until America has come to believe them. They are:

1. Tax Relief. Repeal will bring to depleted government treasuries, in honest taxation, hundreds of millions of dollars now privately pocketed by members of the illicit traffic.

2. Social Reform. Because the immense profits derived from bootlegging are the basic source of gangster power, legalization, *ipso facto,* will force ultimate abolition of the gang and the gangster.

3. Economic Benefits. Legalization will mean immediate employment in the restored liquor industry for hundreds of thousands now idle, and it will bring agricultural relief by recreating profitable markets for surplus products used in brewing and distilling.

With obvious modifications, considered separately, each of those arguments would appear to be justified by reason and logic. Weighed collectively, it stands clear that the first premise is the crux of all. If the golden goose of liquor taxation is killed by excessive rates, not only will Federal and state treasuries fail to collect estimated revenues, but the bootlegger will continue to thrive, and the predicted economic benefits must dwindle by reason of a flourishing illicit traffic in competition.

The answer will be made that legalization of 3.2 beer has closed the illegal breweries, or forced their sale to legal operators. Such a claim appears to be the present fact, but legalized beer is a matter of a few months' experiment only. It remains to be seen whether illegal beer will not return under the incentive of high taxes plus expensive supervisory regulations.

Biased Repealists will argue further that it is unfair to base prospective liquor taxation costs on a make-shift tax ruling. Make-shift the Federal tax may be, but certainly it will not be less than the base figures I have used. There is every reason to believe that the new Federal tax will be higher—quite possibly the $6.40 rate. And thereafter must follow state taxation.

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Academically stated, a proper scale of taxation (Federal and state combined) would be one which returned the utmost in revenue without leaving a sufficient margin of profit to make illicit competition worth while. Conceivably Congress may strive for such a balance in defiance of present wishes of the Administration. The trouble is that in any event the states are certain to upset the apple-cart. Precedent exists for that premise. In the desperation of state governments for revenue from gasoline taxes they have given birth to a new great illicit traffic which presently will be examined.

But liquor taxes meet their first test of reasonableness in the Congress. Congress will do well to examine the history of Federal liquor taxation revenue, for outstanding is an eloquent demonstration of the law of diminishing returns.

Under the $1.10-a-gallon tax rate annual revenues fluctuated between $120,000,000 and $160,000,000 in the ten years before 1917. The average was close to $150,000,000. In the war year of 1918, the tax rate was trebled, to $3.20 a gallon. Some $300,000,000 was collected as a result of the increase; but it is apparent that while the tax rate was trebled, revenue only approximately doubled. The volume of the taxable product declined by one third.

Undismayed, Congress, in 1919, doubled the high rate of 1918. Yet at $6.40 a gallon tax, total liquor revenue derived was only some $50,000,000 more than at the $3.20 rate. Measured by the taxable product, the volume of output approximately was cut in half again, even compared to the drastic decline in the previous year. It cannot be said that decreased consumption alone explained the decline. Tax evasion and the growth of an illicit traffic were factors no less important than the temporary residence of two million earnest consumers in France.

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It therefore is hardly convincing to use only revenue figures to prove that the higher the liquor taxes are, the lower will be public consumption. The contention that severe taxation imposes a practical solution of the temperance problem basically is as false as the exploded Prohibition argument on strict moral grounds. True temperance can originate only in the desire of the individual. It cannot be coerced any more effectively by economic dissuasion than by idealistic moral legislation backed by police power. The coerced subject may be driven to the illicit liquor dealer quite as quickly by one influence as by the other. When the argument for excessive taxation is supported in the guise of an iron gauntlet of economic force encased in the velvet glove of moral welfare, hypocrisy merely appears in a new mask.

The issue which Congress must face in Federal liquor taxation bears no relation to morals. The failure of constitutional prohibition is the failure of enforcement. No less a problem of enforcement awaits in prohibitive liquor taxation, indeed a greater one, for the illicit traffic today stands thoroughly entrenched and reluctant to surrender.

Federal treasury deficits notwithstanding, the profit incentive to the bootlegger should be avoided. The law of diminishing returns stands demonstrated, and Congress will do well to remember that a reasonable, cheerfully paid tax will return more revenue in the long run than an excessive tax to be collected by police legions. Whether the bootlegger is encouraged to carry on thereafter would be a state responsibility. And the portents in such circumstance must be rated frankly as dark.

It is pertinent to ask here what margin of profit is necessary to maintain an illicit industry? An illuminating parallel exists in gasoline taxes mentioned before, not only to show that the margin need not be great, but because the principle of double taxation by Federal and state governments presents its most onerous aspects in that tax.

On a four-cent-a-gallon margin of potential profit through tax evasion, despite its bulk, the bootlegging of gasoline in the last few years has developed into a highly lucrative practice. Experts of the Petroleum Institute estimate that a fifth of the gasoline sold in this country

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last year was bootleg stuff. Not all of it, but much of it, was inferior in quality, even though it was sold under the trade symbol of an oil company of integrity. Evasion of state taxes through subterfuge and collusion was the most important factor. The loss to state treasuries last year was $100,000,000, representing a steady annual growth.

The Federal government did not share in that loss for the Federal gasoline tax actually is a manufacturer's sales tax collected at the source of the product in some 435 oil refineries scattered throughout the nation. But oil refineries may not be hidden like illicit stills. The art of concealment, the technique of illicit distilling, has achieved something approaching perfection in the Dry Era. Such will be scotched only by vigilant enforcement measures in any event. If excessive taxes provide a profit incentive, liquor tax collection will be no less a Federal problem than a state one.

In the parallel between gasoline and liquor taxes, however, relative rates of Federal and state governments will likely be reversed. The Federal tax on gasoline is a cent and a half a gallon. No state tax is less than two cents a gallon additional (and that modest tax exists in only three states and the District of Columbia). From that rate state tribute is exacted up to seven cents a gallon. The average total gasoline tax for the nation is more than five and a half cents. Roughly figured the average state tax is three times that of the Federal government.

Should Congress adopt a liquor tax approaching the $6.40 rate, it is doubtful if any state would equal or exceed it, yet the dollar-a-gallon liquor tax of New York now lacks only ten cents of equaling the minimum Federal rate. Further, the history of state gasoline taxation is one of swiftly pyramiding rates in the space of a decade. Starting as a one-cent tax in a handful of states, it now embraces every state in the Union. It has been seized upon by the Federal government, and in six states the legislatures have authorizd local governments (counties, towns and cities) to impose additional direct taxes. In some places the total gasoline tax exceeds eleven cents a gollon, thrice the wholesale cost of the product.

Both gasoline and liquor savor of the luxury-commodity. Therefore the history of gasoline taxation may be regarded as an augury of liquor taxation, with the important exception that motor fuel is exempt from the moral stigma attached to alcoholic beverages. Therein the outlook grows even darker for the legalized liquor traffic.

If the parallel between gasoline and liquor taxes is sound, portents of the sad fruits of excessive taxation are not lacking. Few are the states with high gasoline taxes which have not found that administration of the law entails the greatest difficulties. Despite ever-expanding enforcement agencies, with consequent expense, bootlegging and evasion grow because the taxpayer is in revolt. Also, eloquent evidence of the law of diminishing returns is not lacking. At a four-cent tax rate, Oklahoma collected revenue of $1,097,000 in August of one year. At a five-cent rate in the following August gasoline tax revenue dropped to $629,000. Experience in many other states is comparable. Of course the Depression was a factor, but only a partial one. Methods of tax evasion need not concern us. The lesson stands clear that excessive taxes inevitably lead to evasion and the growth of illicit competition.

It would be helpful in the situation if the wet states would agree on a uniform liquor tax and leave collection to the Federal government. Jealousy over prerogatives of state sovereignty may be depended upon to defeat any such plan. The truth is that there is every indication that the Federal tax will be so high as to perpetuate the bootlegger even before the double assurance of supplementary state taxation. It is all quite discouraging to the moderate drinker whose preference would be to enjoy his liquor under legal auspices.

I am one of many hundreds of thousands, perhaps I should say millions, who feel we have disregarded, rather than disobeyed, the Prohibition law. We are determined to drink when and as we please in the future as we have in the past. With the advent of Repeal, we anticipated being restored to the blessed estate of unqualified law-abiding citizens. We would much prefer paying Federal and state governments in fair taxation the profits we now are paying to bootleggers. Quite aside from our desire to see the social canker of the gangster eliminated, we would be glad to pay the governments in revenue considerably more than the bootleg rings. But how much more we may pay necessarily depends on our pocketbooks! Somewhere, within a range of a hundred per cent additional retail cost, we must turn from the tax collector to our bootlegger's telephone number. Our incomes stand reduced. If our political representatives in Washington, and at our state capitals, attempt to justify excessive liquor taxes by the desperate plight of government finance, we may answer that our personal finances are relatively precarious.

None of us wants to perpetuate the bootlegger. If we are forced to, the legislators who fix the liquor taxes must accept the major blame for making possible the continuance of the illegal trade which prohibition created.

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En Route

By Rae D. Henkle

Now that we are on the march under the banner of the Blue Eagle, where are we going, and what of the tactics of the individual marchers? Rae Henkle, writer and publisher, discussing these points, indicates our need for a new social philosophy.

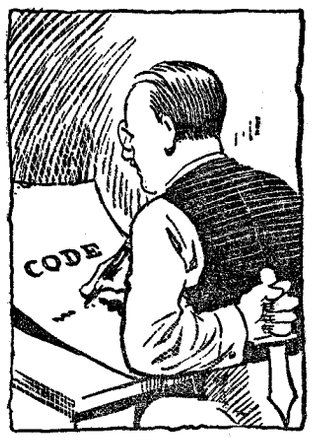
"YES, we have a very active national association," said a representative of one prominent trade group. "We meet regularly, we take actions and vote agreements which, unquestionably, are important to the development of the industry. And then we break down the doors of the meeting room in a rush to get out and be the first to dodge around the agreement."

Another trade group had just submitted a code of fair competition to the National Recovery Administration. A jobber, who had built up a substantial business on a policy of merchandising tolerated in the trade, but outlawed by the code, was asked how this New Deal would affect him.

"The code?" he smiled cynically. "Nobody will pay any attention to it."

Nearly twenty-five hundred complaints of violation of the President's blanket code were filed in New York City in the first three weeks of August, during which period the agreement had been signed by approximately one half the employers of the Greater City. The number of these complaints increased rapidly in the next ten days as the deadline for signatures approached and the pressure for enlistment under insignia of the Blue Eagle was exerted more and more lustily on employers who had been slow to act. They came by mail, by telephone and by personal calls at the NRA headquarters.

It is impossible to estimate how far these tendencies to "rugged individualism" have proceeded, or will penetrate into the heart of the nation's business. But in the fact of present evasion of the provisions of the National Industrial Recovery Act and the policies of the administrative machinery set up to enforce it lies the success or failure of the greatest economic experiment in the world's history. There is evasion not only of the spirit of the law, but of its letter.



This cold fact makes a few searching questions—questions searching the soul of America—not only important, but of vital pertinency.

In the light of a disregard for law that has come notoriously to be a national characteristic, can we, under the compelling power of a great emergency, be brought voluntarily to law observance?

Can the same psychological approach and the same patriotic appeal, that are so successfully applied in the promotion of a war against the armed forces of another nation, be made effective in a war on an economic enemy?

Have we a social philosophy equal to the task of integrating the widely divergent and frequently antagonistic elements of our economic life? If so, is this philosophy strongly enough implanted in the public consciousness to overcome, or nullify, individual or group selfishness?

The answers to these questions will spell the fate of NRA and the experiment of national rehabilitation for which it stands.

No thinking person would presume for an instant to propose the setting up of a national police force of a size sufficient to enforce the recovery law on those admittedly large elements of the population that are tempted to violate it. The task would be beyond the abilities of any government, and this was recognized in the drafting of the enabling act. As an alternative each industrial and trade group was constituted its own policing authority. The enforcement power left to it is that of moral suasion backed in flagrant cases by the legal power of the Federal courts, which after observance of due legal courses may sentence convicted violators to fines or imprisonment.

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It is moral pressure, the appeal to group solidarity and national consciousness, that are depended upon to bring about the emergence from the Depression. The very forceful warnings of the NRA leaders that failure in the campaign may well mean chaos, and that it is infinitely more desirable for the business man to make what sacrifices are required of him under industrial codification than to have no business, are not mere propaganda. Propaganda, too often, is a conscious stimulation of mass hysteria without a too strict regard for truth. But there is a large element of cold logic in the statement paraphrased from more than one Blue Eagle speeeh: "Here is the way out. Follow this Recovery Road; follow it honestly and courageously. It is a narrow road and there is an abyss on both sides. Don't try to break out of line and steal a few points from those obeying the road rules. If you do you will throw the whole line into confusion and precipitate tragedy.

It is admittedly difficult for the man who is under heavy personal pressure to take a broad, social view of the forces

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that are oppressing him. He may have given years of hard work to the building up of a business that in other years returned him an income sufficient to meet the needs of his family. Four years ago a cataclysmic phenomenon engulfed him. He knew little and cared less about the motivating forces behind the phenomenon. All he could see, in the succeeding months, was that he was having more and more difficulty in keeping his head above the rising waters of decreasing trade and increasing taxes. He could not go deeper into debt because the banks would not lend him additional funds. They did add to his worry, however, by telling him his balance sheet would no longer warrant carrying the small loan they had extended him and that they would have to ask him either to provide some additional security or take up his note. Eventually he found a friend with a little surplus. The bank got its money and the indebtedness was transferred to the friend. But this friend's surplus soon disappeared and he wanted repayment of the loan. There was nothing with which to pay it. Four years before there had been a decent equity in the home over in a New Jersey suburb, but when our hard-pressed business man went to his mortgage dealer to negotiate a little increase of the mortgage, or failing that to slap on a second mortgage, he found values had evaporated to the point where no equity remained.

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At his plant things were no better. Receivables had decreased by reason of curtailed buying power among his customers, and his profit and loss statement showed an extraordinary write-off for uncollected accounts among old customers who were unable to withstand the economic shock and had succumbed to assignments, or bankruptcies. All this meant cutting down sharply on the number and wages of employes and the reduction of general overhead in an effort to keep the doors open.

Then along comes the government and tells him he must employ some more people and pay them better wages, and, because another's financial condition must be improved, he will have to pay a little more of the money which he has not got for all the raw materials that go into his product.

What is he going to do?

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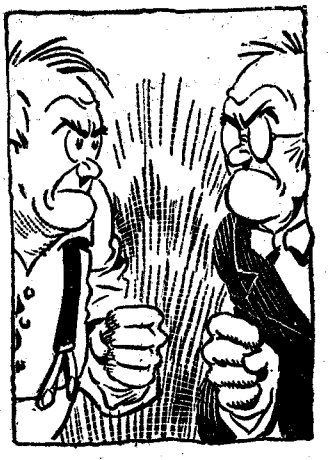
It may be he has never developed a broad social consciousness. He has been a good citizen, a good neighbor, a good husband and father. His circle of interests has been a narrow one. Karl Marx is not even a name to him. Stalin is an ogre out of some mythical tale. Theories of government and economics are all right for the Sunday night forum at the community hall, but he has always been satisfied with the Declaration of Independence and the Constitution, and he let it go at that and voted for the right man on election day.

This man's name is Legion, and he lives from one coast to the other. His problem is the problem of almost every small business man and in many of its characteristics it is the problem of many who are not so small. And in one or another of its complexities it may be said to account for the complaints of NRA violations that a constantly expanding force of investigators is following up.

These complaints are almost entirely of two kinds: employes who feel they are being taken advantage of, and employers who feel they are being taken advantage of. In effect, the Recovery Act seems to have intensified what now amounts to a class antagonism by impliedly constituting the wage earner an *agent provocateur*.



The small business man —and many larger ones— then analyze their position about as follows:

"Here am I with no money. No credit at the bank. I had to sign the blanket code and put a Blue Eagle in the front window or be boycotted. Oh, I know the NRA said there would be no boycott or anything like that, but just the same the public was told to 'Buy under the Blue Eagle and the devil take the others.' So I had to get the Blue Eagle. And now what am I going to do? It is costing me twenty per cent more to run the business and if everything works out as the NRA plans, it will be at least six months before I can feel any of the results in my business."

He wants to survive. His whole life work is at stake. If he can do a little chiseling, a little evading here and there, cut a few corners, maybe he can last out the months until the fulfillment of the Great Plan turns his particular trade tide in his direction. But this one man we are talking about, being by instinct a law abiding citizen, visits his bank before temptation assails him too strongly. He has read that the government has asked the banks to step in and help out the business man who is in this very predicament. He makes the not altogether new discovery that the banks still require security for loans, and that failing collateral, a substantial balance in his current account, or a fine volume of highly liquid plant assets. Potential profits realizable six months hence are not adequate security for a loan. In the day of chain banking and huge amalgamations of financial institutions, personal banking has practically disappeared from large town business life, and the reading of balance sheets has taken the place of character reading.

Apparently nothing is left this man in the corner except the planned evasion of some of the obligations he assumed when he went under the Blue Eagle. Where can be begin? Well, there is the minimum wage provision. Some of the few employes he has retained are getting better than the minimum. The NRA has said what they can be paid, and that is what they will be paid. Or he can fire them and hire others who will be satisfied for the time with the minimum. He may shave his trade discounts a little lower than his competitors, although he suspects that considerable of that sort of thing is going on. But if he can shave a little closer, he may be able to get by with smaller unit profit and larger turnover. There still exists a certain number of bootleggers in the trade. It is generally regarded as unethical to deal with these fellows and he has never done it before, but he has some slow merchandise in his stockroom that he can convert into cash if he closes his thought to ethics.

Of course it is sabotage! It is a definite and widespread campaign, unorganized and frequently unpremeditated, and controlled by an instinct of self-preservation, to wreck

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a magnificently conceived and ably managed campaign for national recovery.

The evidences of sabotage appear in all business groups. It is not confined to any one stratum, or to any one trade. It raises its head alike in the closets of capital and labor. And its appearance is the evidence of personal or class selfishness.

The inspiration of the National Industrial Recovery Act is admittedly the organization and achievements in the World War. Skillful propaganda had been preparing the country during two years for the almost superhuman example of effective mass action which astounded the world in 1917 and 1918.

In 1933 a situation confronted the government and people of the United States that in its potentialities was as dangerous, if not more devastating, than that which was faced in 1917. In that year the country was aroused by the threat of another people to its pride and its ideals. Its sense of nationalism was offended. We raised an active fighting army of 4,000,000 men and raised every stay-at-home to a fever heat of patriotic fervor. And it was this patriotic devotion to a cause that broke the Germanic allies and forced the peace of Versailles we never signed.

If 120,000,000 Americans could be rallied, almost to a man, to the cause of a destructive war in which the incentive was almost wholly idealistic, it seems reasonable to assume that the same tremendous efforts might be utilized and directed to the fighting of another war, constructive in its very essence, and affecting directly and distressingly every individual in the land, citizen and non-citizen alike. After all, in 1917 there were certain alien residents to whom sabotage was natural and from whom it was to be expected. The war of 1933 was to draw no distinction of race, nationality, or creed. The organization of the War to End Wars was in the main the pattern for the organization of the War to End the Depression.

The tendency to sabotage among the very groups that have been most confidently depended upon for loyal and enthusiastic coöperation in the prosecution of the fight seems to indicate a faulty analysis of national psychology that may have to be corrected sharply before the victory can be won. It is almost axiomatic in war that the loudest cheering and the most enthusiastic drum-beating comes from those who are farthest away from the sound of the cannon and are least exposed to the dangers of personal injury. It is easy to shout encouragement at the other fellow who is taking all the chances.

The World War, during its progress, brought to millions of Americans the greatest individual and collective prosperity they had ever known. This comment is not induced by cynicism and it can be subscribed to by the least iconoclastic, that the nation's greatest prosperity was built on an almost unimaginable orgy of destruction.

In other words, the organization for a war victory was built on an enthusiasm which fed, to a degree still subject to debate, on growing fortunes, and where the great issues involved touched a majority of the people little, if at all.

The war for a peace victory has been predicated on substantially the same theories and with many of the same slogans. But there seem to be fundamental psychological differences. Life, happiness, the generating fires of enthusiasm, all impinge on, or are controlled by, economic forces. In an armed war a man is fighting for something which in its very nature must be more or less intangible. He has been aroused almost entirely by emotional appeals. In the present crisis he is fighting for himself, and no matter how much we delude ourselves, that is his sole motive: to preserve his own life and independence. And it is the weight of these forces as applied to the individual that induces his reactions to circumstances.

In that fact may lie the success or failure of the entire NRA campaign.

To encourage within himself the development of the spirit of coöperation, he watches the red fire of the prosperity processions; hears the blaring of the bands; catches from his radio the glowing incitements of the molders of mass movements; learns from the motion picture screen the glories of a flight with the Blue Eagle; he is bedecked with badges and buttons that proclaim to the world "We Do Our Part"; he is assured that the 120,000,000 consumers of America will buy from him only if he is a flier of the Blue Eagle flag.

Every device of which the American expert in promoting mass action can conceive—and he is conceded to be the master of the world in this field—is being utilized to regiment industry and labor, and march it to the foot of the rainbow. The march has begun. On the solidarity of the army depends the fulfillment of the promise at the end. And this solidarity depends to a large extent on the control that can be exercised over the *sabateurs,* the sharpshooters, the chiselers and deserters along the way.

And the control of these disruptive forces is not one for police, or the corrective arm of the courts. The *sabateurs* are not criminal in instinct or motive. Self-preservation is their controlling influence. They were ballyhooed into subscribing to a course of individual action which they have found, apparently, impossible to maintain. They want to help in a national emergency, but more than that they want to save themselves from being lost.

Propaganda has driven hundreds of thousands of business men into enlistment with the NRA. It would seem, now that enlistment is complete, that the same highly efficient propaganda agencies should turn their energies to two collateral and equally important activities: pointing out definite and concrete ways in which the small business man can tide himself over the undetermined period that must elapse before the results of the larger costs of doing business are observable in increased income; and a consistent and sincere effort to create a new social consciousness out of which will come greater tolerance, understanding and sympathy between the man who works and the man who hires him.

In other words, we are faced with the need to develop, as rapidly as the thesis can be presented, a social philosophy that will integrate the antagonistic elements of our national economic life into accord and mutual helpfulness. Perhaps some such practical philosophy as the able MacKenzie King, Canadian statesman, has been so long advocating in his three-point control of industry: control jointly by capital, management and labor under a modicum of government interference except in those industries related directly to the public welfare. But this, in its nature, applies to large-scale business. It still leaves the small man out on a limb.

In our fight for national recovery are we going to saw off the limb? Are we going to drop him down the cliff? How far will recovery suffer for his instinct of self-preservation?

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Milk—The Problem on Your Doorstep

By John Dreier and Kendall Foss

The increasing unrest and attendant strikes in the milk producing industry led to the survey of a new national problem by Messrs. Foss and Dreier. Mr. Foss is author of "Black Bread and Samovars." Mr. Dreier, a former school teacher, has written extensively on national economic conditions.

WE stopped the car at the corner of a sun-burned pasture on a glaring white-dust Wisconsin by-road. A man in battered straw hat, gaping shoes, ragged jeans was repairing a fence. A panting mongrel shepherd dog sat blinking vaguely, and a little boy, as ragged as the man and as brown, looked at us solemnly. Beyond the man a herd of Guernseys switched irritably with their tails and searched disconsolately for interesting morsels.

"We've come out from the East to find out how things are in your part of the country," we began by way of disarming the slightly hostile blankness in the man's eyes. "Are things showing some improvement in dairying lately?"

"Improvement!" He laughed, bitterly, it seemed, but perhaps only sardonically. "Mighty little as I can see. Look at that pasture now. Burned right up, ain't it? What am I going to do for feed with prices rising the way they are? Ain't got a cent of cash and 'course I can't get credit nowheres.

"Yes, rain would help—some. It's getting pretty late, though. If I don't raise enough to feed my herd over the winter I'll have to quit, that's all. Lot of the boys have had to already.

"Sure, milk prices have gone up, but they's still way below what it costs to produce. And take like last week for example. I had to have some cash so I took a cow cost me nigh on a hundred dollars over to the slaughter house; ain't nobody else buying cattle these days. What you think I got for her? Nine dollars and twenty cents."

"Quitting" means leaving the farm and going on the county poor relief. This man was a tenant farmer, paying a rental of $300 a year for 108 acres. "Making his rent" was out of the question; keeping alive and keeping his stock producing was all he was worrying about just then.

Yet he was a reader and a thinker. The interrelation of urban employment and farm prices was perfectly familiar to him; so were the ramifications of the tariff in terms of export. He not only had a clear conception of why times were bad, but grasped the tremendous nature of the obstacles in the way of betterment. He rather thought he personally would go under before things really picked up, but his despair had not made him militant.

"It's funny. I don't seem to mind seeing my children in rags. I thought I was going to, but I got used to it. I'll steal, though, before I let them go hungry. I swear I will, and I don't care who hears me."

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A tired farm wife, blonde and Swedish in appearance, sat before a sewing machine in a hot little farm house in western Wisconsin. She seemed to begrudge us the time it took to answer our questions about milk; a new seat for her husband's frayed overalls was more important.

"The mister and I didn't join in that milk strike they had here this spring. Didn't seem right somehow. Didn't seem like you could get anywheres that way. But the way they called out the troops against us farmers, well, I reckon we'll be in on the next one," she went on in a tired, flat monotone.

"Federal aid? From down to Washington? No, they won't probably settle things that way. I look to see another strike. Look to see the boys blow up bridges and such like next time . . . they'll most likely get to shooting each other, too."

It did not seem to trouble her much. She kept right on stitching, accepting the possibility as an approaching fact, a fact like the one that she would probably have to steal to feed her brood before the winter was out.

Her husband was a veteran who had taken up farming at the end of the war. She herself was a thoroughly intelligent woman, well versed in the things of the farm. She considered themselves lucky in having an understanding mortgage holder who did not threaten foreclosure merely because interest payment ceased. The mortgage holder had been her husband's superior officer.

These two illustrations, which could be multiplied many fold throughout the states of the old Northwest, serve to give something of the human background to the story of milk. It is not a very pretty story, this mass of statistics, prices, costs, mixed through and through with farmer despair, bitterness, and fierce recriminations between producer, distributor and manufacturer. Yet it is a story in many ways both significant and unique in American economic life. It carries you from the rolling countryside of Illinois, Iowa, Minnesota or Wisconsin through dairies, factories, creameries and cheeseries, through murky channels of distribution often riddled with riots, strikes, cut-throat competition and even gangster battles, until you open

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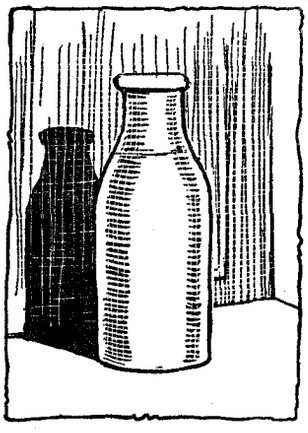

your door to find the familiar bottle of innocent white liquid — still sweet despite its experiences — waiting to bid you good morning.

High on the list of dramatic events which dot recent milk history is the strike last May of the Wisconsin Milk Pool under the leadership of the strange and compelling Walter Singler. Members of the Milk Pool, said to number around 16,000, are mostly the harder hit among the dairy farmers. Driven to despair, they began groping toward some sort of concerted action. Walter Singler, Wisconsin-born but widely travelled and experienced in promotion, took hold of the still half blind movement, gave it direction, unity, fire.

Stumping the state with such telling phrases as: "Boys, when we sit down by the side of the old white cow in the morning, we are all members of the same big union," and "The idea of supply and demand controlling the market is all propaganda. The manipulation of supply and demand by the big trusts determines price," he stirred up fervor enough to insure a pretty good strike.

He called his strike in May just after the National Farm Holiday Convention in Des Moines had voted against striking for the time being. Picketing and dumping of milk took place. The troops were called out, first as ununiformed deputies, toward the end as the National Guard. One man was killed in a motor accident, and a vast and seemingly disproportionate bitterness was stirred up which will be long in dying.

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Some city folk and a number of the more conservative of the farmers condemn the milk strike as both wrong and ineffectual. Futile it was, in that it failed to gain control of the milk supply, although Governor Schmedeman did raise the price of milk somewhat. But the significant fact remains that the countryside is far more willing to listen to Singler than before, and that a new solidarity exists among the farmers in their common resentment against the way the Governor "used guns against us farmers." It is not too much to say that a farmer class-consciousness is beginning to show itself.

Less futile, and therefore more important in the shaping of dairy events, is John Bosch (pronounced Bush) of Atwater, Minnesota. Bosch is Minnesota state president and national vice-president of the Farm Holiday Association, second only to Milo Reno in the organization. Of the Farm Holiday leaders, he is necessarily closest to dairy problems.

"Justice to the farmer, not the letter of the law," might be termed the slogan under which the Holiday operates. One hundred thousand foreclosures have been prevented by Holiday efforts in Minnesota alone, John Bosch claimed the evening we spent with him out on his prairie farm.

Actually, one or two "ten cent sales" per county and one or two mass gatherings of silent farmers around courthouse steps followed by peaceful but potently backed reasoning with recalcitrant sheriffs usually sufficed to stop all foreclosure attempts throughout the district.

One man bought a farm in the post-war boom for $30,000. He has paid, in principal and interest, some $36,000. Now he is a few hundred dollars behind in interest payments. Shall he lose his all merely because the law says so? Not if the Holiday can prevent it, even if the man is not a member. The Holiday usually can prevent it; and the man usually joins the movement which boasts no admission fee, no dues, no salaries to officers, and only incomplete compensation for expenses.

Saving farms about to go under the hammer (provided the farmer has done his best to pay up, or arrange a compromise) has made up the largest share of the Holiday's work to date. Forcing moratorium measures through legislatures and organizing strikes and threats of strike about complete the list of major activities so far. Purely defensive emergency measures, born of the times and the need. When men who were held by their neighbors to be good farmers and sound business men began to slide under the steam roller of impersonal, legal, foreclosure proceedings, it was inevitable that efforts to stop the juggernaut should appear.

"The Modern 76-ers," "The Royal Order of Picketers," and the "Defense Council" are but a few of the organizations which sprang into being and applied vigilante methods to law enforcement. Only the Holiday appears to have had a sufficiently constructive attitude behind it to insure survival once the outcry had resulted in the wave of moratoria which culminated March 4th last.

The Holiday is far from having outlived its usefulness. Its members know that a moratorium alone does no good unless prices can be made not only to rise but to attain a truer relationship to industrial prices before the moratorium expires. There exists in the farm world a fear that the present upward movement of prices may result in a new wave of foreclosures before the farmer has recuperated enough to stand the blow.

Behind and beyond these somewhat negative operations there exists a positive philosophy which, while reminiscent enough of the traditional farmer revolt, presents something new to the American scene. This is the latest reawakening of the principles of Jeffersonian agricultural democracy. Less political, more economic in its means of attack, it points with keener insight towards the revamping of our present system as a prerequisite to restoring the balance between rural and urban populations.

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In judging these outbursts of violent protest, it must be borne in mind that the farmer's patience has been tried far longer than has the industrial worker's. Not only disillusionment but downright despair has the farmer tightly in its grasp. It is not four years of depression that have crushed him, but twelve years of steadily dwindling income that have all but robbed him of any hope that good times can really return.

During the blatant decade when Babbitt voices dinned the shallow wisdom of prosperity in the cities and industrial sections of the land, the farmer, not only in these states of the old Northwest but throughout the country, found little evidence of the millennium on his own farm. As the prices of the manufactured products which he bought slowly rose, the prices he received for his own production steadily sank. Burdens of interest payments and taxes became heavier and heavier. Already deeply indebted at the high, speculative

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values of 1919, he found it necessary to assume more and more debt in order to keep going. If these are the days which the new Administration hopes to bring back, the farmer reasons, there is very little occasion for cheering.

No, times have not been good in the agricultural world since the war boom collapsed; since the day the government withdrew its slogan, "food will win the war." But until 1930, or thereabouts, they were livable times. After all it was an optimistic age. The key had been found. Presumably the farmers were only a little slow in catching on. And you could still borrow a little more if prices did not quite cover commitments; they would probably begin to rise next year.

Then, too, these dairymen of the Northwest had a slightly better than average position, for the price of milk down until 1929 was maintained at a better level than grains and other farm commodities.

"Cost of production plus" is the war cry of the embattled farmers of 1933. Discouraged by the failure of countless different schemes to deliver them prices for their milk which would make production worthwhile, they are increasingly willing to listen to anyone who will talk *"cost plus,"* however vague and impossible of execution such a slogan may be in terms of the varying levels of human ability and animal and soil productivity which enter into the determination of the cost of milk production.

To the farmer, however, *"cost plus"* seems to embody a happy combination of justice and prosperity for which he thirsts. Little that has happened in the past few months has helped to allay the temper behind this demand. Significantly, the recent rise in agricultural prices has largely failed to reach the farmer. Dollar wheat this year has been almost exclusively of interest to the speculators who bought up the grain at prices ranging from twenty-five to forty cents a bushel.

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Furthermore, the price increases are not solely due to inflationary anticipations, but are the result of a dry, cold winter coupled with drought over a wide area during the early summer which succeeded in ruining almost half of the wheat crop and almost equally large percentages of other crops including feed for dairy cattle. The farmer whose crop has been destroyed will reap little benefit from high prices this coming year either, especially if, as promises to be the case, he has to pay these same increased values for feed for his stock during the winter.

To understand the milk price situation, you must know the meaning of the words *"fluid"* and *"surplus."* Wherever you go in dairy regions you stumble over these dismal terms. *"Fluid"* milk is the milk as the milk drinker knows it, sold in bottles for liquid consumption. *"Surplus"* is all the rest, not in the sense of over-production, but as a convenient (though somewhat misleading) term for that portion available for butter, cream, cheese, condensed and evaporated milk. *"Fluid"* commands a relatively high price, though not one which seems to fulfil many farmers' concept of *"cost plus."* Moreover, *"fluid"* prices are available only to those fortunate enough to have their farms near some city. *"Surplus"* prices are way below *"fluid"* prices, usually a third to a half lower. There is far more *"surplus"* than *"fluid."*

This distinction is artificial and misleading. Apart from the unfairness of valuing one farmer's milk entirely differently from another's, it permits of some remarkable bookkeeping. A large dairy company in Milwaukee, which makes butter and cream as well as distributing milk, claimed to be losing money on *"fluid"* the way prices were. An investigation by the state Department of Agriculture and Markets showed that if the company had figured the average price paid for all the milk it bought, its fancied loss on milk of $9,000 for the period in question would be translated into an actual profit of $110,000 without putting the butter and cream end of the business into the red by any means. As long as *"surplus"* prices remain dirt low, improved *"fluid"* prices will mean very little. Only eight per cent of Wisconsin's milk production, for instance, goes as *"fluid."* Other great dairy states are as dependent or more so upon *"surplus"* prices. Even New York and Illinois with their huge *"fluid"* markets cannot escape the economic damage done by this artificial distinction.

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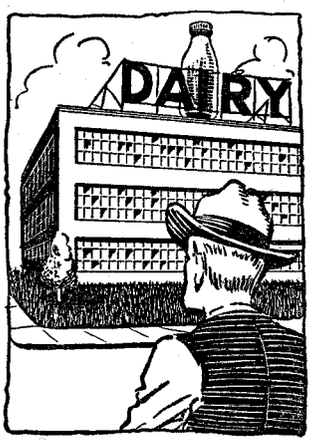
Serious consideration well may be given the position of the large commercial dairies which, until very recently, have pretty well controlled the price to consumer and producer alike. Now governments are beginning to take a hand as a protection to the farmer. A recent study by the Wisconsin Department of Agriculture and Markets revealed some surprising facts. In the first two depression years alone, the report points out, while profits in other industrial activities showed, with few exceptions, a steady decline, the profits of the dairy companies in question remained practically on a boom level. The incomes of the officers of these companies showed consistent increases through 1929, 1930 and 1931 and while salaries of high executives were generally reduced somewhat in 1932, the incomes of these same men actually increased owing to higher dividends on their dairy stocks. The incomes of the milk producing farmers dropped sharply during this period.

The report goes on to show the existence of a practice particularly distasteful to farmers struggling to scratch together a bare living. This is consolidation and merger, supposedly to render more efficient service to consumer and producer alike. Evidence as to who actually received the benefits of such mergers is contained in the story of one independent dairy company taken over by one of the largest of the milk trusts in 1929.

After taking over the dairy, the purchasers increased the capitalization 48 per cent to five million dollars, the addition being termed "goodwill." During 1930 and 1931 dividends of 12½ per cent and 10 per cent were paid on the total capitalization, indicating a profit amounting to approximately 25 per cent and 20 per cent, respectively, on the actual investment. This, too, took place during that period when steadily falling prices had robbed the farmer of the last of his reserves and had started the train of failures, foreclosures, tax delinquencies, and the whole raft of troubles which have set the farm world a-smoldering. There would seem to be little justice in such a situation; the economic soundness of it may safely be left to the



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judgment of an age steeped in the lessons of maladjusted national purchasing power.

The farm world is increasingly familiar with that phenomenon which, in the language of the other Roosevelt, it still calls "watered stock." Farmers are more and more coherently resentful of the burdens over-capitalization have placed upon them. Rebellion is more than in the air. The "big fellow's" share of the consumer's dollar is the object of relentless attack on the part of those farm leaders who see clearly where the income from the sale of milk has been sidetracked. Even before the Depression reduced the farmer's percentage in the price of a bottle of milk by some 20 per cent, farm leaders were having difficulty in seeing the justification for the large share of the retail milk price which remains in the city.

Farmers supplying Chicago with milk are almost all members of the Pure Milk Association, a coöperative, bargaining organization which, in early July, was getting about 3.8 cents per quart, of which three cents went to the farmer, the rest going to the association for services such as transport, inspection, and valuable educational work which the association renders its members. This milk was then taken by the dairy companies, pasteurized, bottled, and delivered at ten cents per quart. Now what is the actual division of this 6.2 cents per quart which the distributors keep? Is it excess profit, waste due to inefficiency and cutthroat competition, or the legitimate minimum cost plus for the services rendered? The weakness of many producers' coöperatives lies in their failure to dig into this question, and to provide means for combating whatever economic injustice may exist.

While this type of coöperative contents itself with demanding as much as it can from the dairy companies, the farmer is being fed with disturbing statistics such as these collected by the State of Wisconsin: one large Milwaukee firm, handling one sixty-fifth of all the milk produced in the state, sent $625,000 in 1930 to a holding company in New York, paid its four chief executives a total of $109,070 in salaries and commissions, and then showed a net profit of $268,000. These sums taken together represent the value of all the milk produced on 1,500 averaged sized farms. The company draws its milk supply from 4,000 farms.

Even this is by no means the whole story. Get up early some morning in Chicago, or any other large city, and you will see another, and very important, reason why the farmer gets so small a percentage of the retail price of milk. Between five and seven o'clock, on practically any residential street, you will see anywhere from six to a dozen competing milk wagons delivering their loads to consumers' doorsteps. This ridiculous competition adds a weight of appalling inefficiency in distribution to the farmer's burden. This type of competition flares up periodically into price wars which in one case (Los Angeles) once brought the retail price of milk down to a cent per quart.

In this noisy clatter of milk wagons one group among those participating in the din has managed to protect its interests especially well. The Milk Wagon Drivers' Union in Chicago is one of the strongest—"Uncle Steve" Sumner, the leader, will tell you it is the strongest and best—union in the country. During the Depression the drivers have staved off all but one cut in wages and are now receiving a base rate of $40 per week.

One of the very trenchant reasons for this union's success is to be found at headquarters on South Ashland Boulevard. Bullet-proof glass, heavy steel meshes on all the windows which pass but a dim light into the old stone house, steel doors with machine gun ports, electrically operated devices for closing all doors instantly, and a plain-clothes policeman nursing a sub-machine gun protect "Uncle Steve" and his boys from racketeers eager to get control of this prosperous union. "Fort Union" has rendered Chicago a very real service in keeping the gangster and his insatiable greed out of milk costs. It may safely be assumed that the union will exhibit similar strength of purpose in resisting any attempts to reduce the number of drivers participating in the delivery of milk.

Together, these things show what happens to 6.2 cents out of the ten the consumer pays. Not salaries alone, not dividends, not union wages, nor even tribute to gangdom, but a complex combination of them all which adds up to a first class picture of inefficiency and social waste. The dairy interests want to make their profits, as is their right. At once they run up against union wages which are relatively high, and against the inefficiency of each wagon. They may even have to do some fighting of their own against racketeer interference, which has been fairly serious in some cities. These are powerful forces; the only element left for them to squeeze is the farmer, whose producers' coöperative is generally nowhere near strong enough to stand against the other elements in the picture. The racketeer uses machine guns and bombs, the union uses strikes rendered effective by as much strong-arm stuff as may be necessary, the competitor uses his legal right to undercut prices. What can the farmer fight with? Usually the only thing open to him is to strike—and see the buyer go elsewhere for his milk, which can always be done and without too much inconvenience or expense. He is beaten by the system.

An incident which followed in the wake of a Miami hurricane sounded the death knell of all local, non-national milk strikes. At that time a certain public spirited citizen determined to send a carload of milk to the refugees. He visited the companies and easily secured donations of milk. This supply he chilled to 33 degrees and poured into an iced milk car. Four days later the milk arrived in Miami, only two degrees warmer and still perfectly fresh and sweet. Much glory attached to the gentleman and his gesture of good will, but farmers at once assumed long faces. If you can transport milk four days by rail without loss of quality, local milk strikes are out of the question. The stunt has been used since for purposes which must be considered far less humanitarian.

Students of farm matters have understood for some time that which has not even yet become general knowledge: that the hope of the farmer in the future depends, not only on a revived market, but on a revised marketing system. At present the farmer is bound to get the short end of things every time. Even in good times, industrially speaking, he can receive only what the system allows him; he is never on equal competing terms with the business man, the labor union, and the racketeer when is comes to dividing up the consumer's dollar.

Coöperation is the most effective weapon yet fashioned for the protection of the farmer's economic status. Yet coöperatives vary greatly. Widely known is the simple producers' coöperative which serves as a more or less effective bargaining tool. A further step in the development of the coöperative idea, only recently successfully negotiated, brings forth the far more effective instrument, the marketing coöperative.

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Outstanding example of this type of organization is the Land o' Lake Creameries, Inc., the study of which takes us away from *"fluid"* milk into the manufactured milk products field. Land o' Lakes is an association of 418 coöperatively owned creameries scattered through the states of Minnesota, Wisconsin ant North Dakota with affiliated groups on the Pacific Coast. Marketing extra high quality butter, along with some cheese and poultry products, this organization in 1929 did a business of 53 million dollars, and in 1932 of 38 million. With headquarters in Minneapolis, their marketing offices extend all over the country, the biggest single market being New York City.

The vital point about this type of coöperative marketing organization is the wholesome effect it has on the entire distributing system. Land o' Lakes points with pride to the fact that in the Depression year 1932 the price its members received for butter was 2.89 cents per pound closer to the New York quotation than in the boom year 1919 before the association was formed. In other words, in terms of 21 cent butter (the wholesale price in New York last year was 20.99 cents), the distribution costs were approximately fourteen per cent lower than they presumably would have been had not Land o' Lakes come into existence.

Although it was not designed as a philanthropic organization, Land o' Lakes has demonstrated the value of coöperative marketing to the community at large. By cutting out this fourteen per cent formerly deducted by the distributor the coöperative has forced commercial distributors into line so that non-members in this territory now enjoy the same benefits as do members. The process has demonstrated fairly conclusively that the old margins maintained by profit-making distribution were not really necessary to successful operation.

Land o' Lakes is not only a business organization, but an educational one. It is run by men who have grasped the fundamental value and significance of the coöperative method in reconstructing the farmer's economic standing. Incidentally, it is illuminating to hear the men at the top of this organization with incomes ranging from $8,000 a year downwards discourse upon the myth of the "supermen" engaged in piloting other dairy organizations through the stormy seas of commerce at salaries supposedly only commensurate with the genius they bring to their tasks.

Why, then, has not coöperative marketing spread more rapidly if its benefits are so far-reaching and so alluring?

In the first place, coöperation has flourished fairly extensively in the Northwest. The principle appears to have been more easily digestible to the population of this region, for the most part Scandinavians and Finns, the greatest natural coöperators on earth, with a liberal admixture of Germans. Wisconsin, Minnesota and North Dakota are dotted with coöperative undertakings, most of them of the simple bargaining type. Yet even in this relatively advanced district the coöperative movement is too young to have progressed much beyond this elementary stage. More time and education are needed to demonstrate the value of uniting these coöperatives into strong marketing organizations; and while the Depression lasts it is difficult to demonstrate the value of anything.

Other factors have also helped to retard the growth of the coöperative idea. Poor business management, often resulting in disastrous failure, has destroyed confidence in many communities. Commercial interests, seeing clearly the implications to their profits, have fought to protect themselves by organizing "dummy" coöperatives and letting them fail, by promoting internal dissension, by planting agents in growing coöperatives, and by making the most of the farmer's instinctive individualism.

In spite of these handicaps, the Northwest has made great strides in coöperative organization. In a number of instances the various state governments have worked hand-in-glove with the farmers and with educational organizations to this end. Slowly an understanding of the social significance of coöperation is taking hold of this section of the country. With this growth goes the insistence that coöperatives shall not degenerate into purely business organizations but shall remain active educational forces in bringing to rural populations a sound concept of their proper place in the scheme of things. Leaders of the movement, such as the men who are piloting Land o' Lakes so successfully, know quite well that what they are seeking is not merely a foothold in the economic system, but a reorganization of it which shall eliminate at least some of the worst elements of mal-distribution.

Yet "shortening the route to market," the slogan of marketing coöperatives, cannot alone solve the farmer's problem. All the shortening in the world will not help if there is not an adequate market at the end of the road. Neither can coöperation solve the debt question, the greatest single evil in the agricultural world today. The dismal story of farm indebtedness is so well known by this time that only the briefest of reviews will be necessary.

The facts are simple. In 1919, with prices of farm products sky-rocketing, the countryside went crazy with land speculation fever. Farmers believed, even as did their urban brothers in Wall Street a decade later, that a boom has no end. And not only the farmers had faith in land. Insurance companies, bankers, and other financial organizations, seeking a safe place for their money, competed with each other in offering the farmer mortgages which he eagerly accepted in order to increase his holdings and so his profits.

The farmer became loaded with a debt which was scarcely justified even at the inflated values then prevailing. The boom collapsed, but prices recovered after 1921 to a point where survival was possible. As prices slowly declined again, beginning in 1932 or thereabouts, the farmer increased his borrowings in order to meet his earlier commitments. When his slowly dwindling income suddenly and completely folded up last year, widespread bankruptcy and foreclosure proceedings were at once inevitable.

Certain over-optimistic cheer leaders are today advancing the opinion that the recent rise in prices has settled the farmers' problems nicely. The rise is assuredly a happy event; it is the first indication of approaching rescue to those who have not already been ruined and retired to the sidelines. But the debt structure was based not on 1929 prices but on the much higher levels of 1919.

Considerably more than a good rise will be necessary to float that top-heavy superstructure of debt, if it is ever to be floated again. Not dollar wheat but two dollar wheat and more, not fifty cent butter but seventy cent and more, as we knew it just after the war, not twelve and fourteen cent milk but a milk price nearer twenty cents a quart, as it was in the days of the post-war boom, would be required.

People in the farming country of the Northwest do not expect such things to happen. "You fellows back East just aren't going to get your money and that's all there is to it.

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The quicker you make up your minds to it the better it will be," one highly placed man in the government of one of the great dairy states told the writers. From this and other less belligerent, but no less determined, statements it seems unlikely that the farmer is ever going to accept the full blame for the debts which his creditors were equally anxious to create.

Moratoria on farm mortgage foreclosures and the attempts of the Federal government to refinance mortgages have brought momentary relief to the farmer. But what of more permanent reform, designed to prevent the recurrence of such situations? Will the wave of foreclosures break out again when the holidays are over, or will some genuine guarantee of production costs be secured?

The Farm Holiday movement, as the greatest and most virulent of the farm organizations, demands an answer to this question. In common with many non-farmers throughout the Northwest, it exhibits a certain skepticism over the practicability of the Administration's farm program. This skepticism grows partly out of particular objections to the unwieldiness of the methods employed to limit production, and partly out of a long series of trials of strength in the national capital where "the interests" have regularly walked off with the lion's share. The question as to whether the reorganization of the milk industry as it is being drawn up in Washington will result in a real security for the farmer, or will turn out to be a renewed opportunity for exploitation by the speculator and big distributor, will, in the last analysis, depend on how effective the influence of the farmer has been in drawing up the codes.

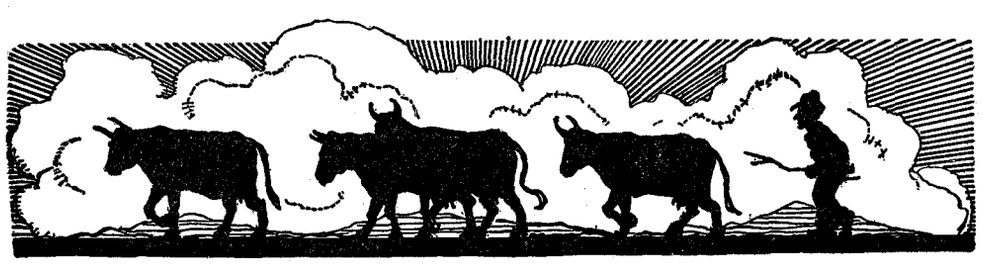
If the Federal program does not succeed, the Holiday has its own up its sleeve. By a strike (and a spectacular one) it means to force the government to adopt more radical methods and enter into a new plan for crop control which will mean essentially a control of marketing, rather than of producing. This point of view represents something quite different than that of the more constructive coöperative men. It is an attitude which looks to increasing governmental regulation, rather than to a fundamental reorganization of the distribution process.

While these several movements go on to reset the farmer in a more fitting economic frame through the settlement of debts, the extension of government credits, or the attempts to establish as good a price as contemporary conditions permit, leaders throughout the dairy states look with depressing blankness into the future. Hordes of reformers swarm about the various state capitals with their ready tales of woe and their intimate knowledge of the farmer's hardly diminished distress. Only one or two stand out as having any constructive vision of the basic reorganization to which the dairy industry must submit if the dairy farmer is to survive. Here, as elsewhere, the Depression has brought skepticism and demoralization in its train.

Admittedly milk cannot be divorced from the general economic situation of the country, and fundamentally, in restoring the dairyman to a degree of well-being commensurate with the time and skill he invests in the restoration of general buying power. A smoothly functioning economic order demands this that it may maintain a broad and steady distribution of wealth and insure an even flow of purchasing power through all the arteries of its system; a sound social order demands it as a safeguard to the standard of living of the primary producers, the fundamental support of any civilization.

Experience has clearly shown that united action is necessary. Shall it be the Federal government's interference which eventually brings peace to the bristling farm lands of the Northwest, or shall it be by another approach that the question is solved?

Two clearly marked points of view emerge from the mass of controversial argument on the subject: the political and the economic. On the one hand stand those who believe coöperation has about reached its limit. They look rather to political means to reorganize the system so as to secure a greater share of the market price of his produce to the farmer. They turn to the Federal government as the only practical way of enforcing a general control of production, a real supervision of distribution, and the establishment of fair prices for their products. On the other hand there are the protagonists of the coöperative movement who maintain that only through voluntary organization among the farmers for the purpose of establishing direct routes to the consumer can the uneconomic concentration of profits in the hands of the larger capitalists be avoided. They concede that this method is slower, but hold it to be sounder in the ong run. They feel that coöperation is better fitted than is bureaucracy to take the place of the type of individualism which is fast disappearing. In the opinion of this group, the dairy world has made a relatively good start in the coöperative way of solving the problem which is common to most branches of our national life. If encouraged, it might be able to point a useful road.



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The Agrobiologist and the Unemployed

By Henry Kittredge Norton

This is the second of two articles treating of the findings of the agrobiologists and the new recruits to the army of unemployed which improvement in scientific farming threatens to produce.

EVEN if we allow for a large measure of over-enthusiasm on his part, the agrobiologist has brought us face to face with a problem of the first magnitude. He has made it clear that our agricultural establishment is approximately seven times as large as it need be to produce our present excess of farm products. We have already recognized that this excess must be cut down. But it is not generally realized that, even if the efficiency of our average farmers reaches no more than two thirds of the present efficiency of our better farmers, all the farming that this country needs can be done by about one fifth of the number of men now engaged in agriculture.

This statement is based upon the findings of the agrobiologists that the average yield of our eight principal crops is about one tenth of the theoretically possible yield. It is not expected that this theoretical yield can be generally attained, but it has actually been attained with corn and very nearly reached with sugar-cane. Our best farmers today are securing yields in these eight crops of approximately seven times the average. In a world the markets of which are already overflowing with wheat, sugar, cotton and other products of the farm, the farmers who increase their efficiency will be the ones that survive. When a sufficient number reach an efficiency equal to 70 per cent of that of our best farmers, 47,000,000 acres will supply the same quantity of product as we now obtain from 241,000,000 acres. And 2,500,000 men will be able to do the work now done by 12,500,000.

This means that within the next two decades we may expect some ten million men of those who now make a living on the farms to be forced to seek a livelihood elsewhere. This figure, of course, allows for the natural increase of the present farm population. This is "technological unemployment" in a strict sense, because it will be due to the application of improved and constantly improving scientific methods to agriculture in the same manner which has wrought such havoc in our manufacturing industries.

The agricultural situation differs markedly from the industrial situation, however, in one respect. The bulk of our agricultural effort is devoted to raising foodstuffs. And the human animal simply cannot eat more than a certain quantity of food, no matter how much is produced. In fact, the same scientific activity which is increasing the capacity to produce food seems to be working toward persuading us to eat less. Increased technical knowledge in agriculture, therefore, can find no outlet comparable to industry's ability to expand almost indefinitely by supplying us with new products. While technology *enlarges* the field of industry, it *contracts* the field of agriculture.

Those who count upon the sluggishness of human nature to delay the adoption of more productive methods sufficiently to avoid an agricultural crisis, are hardly facing the issue. We know that already we are producing far too much of some commodities and that the main hope of the farmers is in drought, destructive pests, or the artificial and deliberate plowing under of a substantial portion of their crops to the growing of which land, labor and capital have already been devoted.

This situation, with the consequent low prices for all farm products, will drive the farmers to renewed efforts to reduce their costs of production and to increase their yields on whatever acreage governmental regulation may allow them to cultivate. The very fact that such governmental measures may raise prices will furnish an additional incentive to individual farmers to produce as much as possible on the land they can work. And the best of them will succeed in materially increasing the yield.

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They will have governmental assistance also in their efforts to achieve this goal, an achievement, paradoxically, not wished for by the planners of the Administration's agricultural relief plan. During the year ending June 30th, 1932 (the last for which the figures are available) the Department of Agriculture expended $33,000,000 on agricultural research and the distribution of its results to the farmers and upon the eradication and control of crop and animal pests. In addition to this, it turned over to the states $4,350,000 for state research under laws which make it necessary for the states to expend about $3 of their own for each $1 received from the Federal government. That makes $13,000,000 of state money. Still another $8,650,000 is expended by the Federal government through the states for extension work among the farmers. Here is a round total of $59,000,000

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expended by government in one year to assist the farmer to increase the return upon his labor.

The Department of Agriculture is fully aware that our annual total of agricultural products is far greater than it should be if it is to pay an adequate return to those who produce it. But the Department contends, and rightly, that the farmer is entitled to all of the assistance which science can render him in reducing his costs and increasing his margin of profit—if any. The problem of cutting down the total production is a separate problem to be handled in another way.

This is true enough. But the fact still remains that the individual farmer, desperately hard-pressed to meet his obligations to his government, his creditors and his family, will seize upon every means within his reach to increase his yields as rapidly and as much as possible within the scope allowed him by governmental regulation for the reduction of acreage.

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In other words, the most powerful economic forces are at work with justifiable governmental assistance to undermine other governmental efforts to reduce the present over-production. The very dissemination of technological knowledge makes inevitable an increasingly rapid approach to the goal which that knowledge has brought within easy reach—the production of all the farm products we need with about one fifth of the present acreage and with about one fifth of the human effort now devoted to agriculture.

There appear to be but two lines of attack on the problem thus presented. One is that now being tried by the Federal government. Its essential philosophy is that each farmer should destroy enough of his own crop to eliminate the existing over-production. And then that the non-agricultural three fifths of the population should be taxed a sufficient amount to insure the farmer a "living wage." Whatever justification this may have as an emergency measure, it does not, and cannot, meet the real problem. To continue with our effort along this line, would simply mean that within a few years the rest of the country would be called upon to pay 12,500,000 farmers to perform a service which 2,500,000 farmers could perform just as well. The country would also be called upon to pay returns on the capital investment in 240,000,000 acres of land and their equipment, when 50,000,000 acres with appropriate equipment is all that is needed to do the job.

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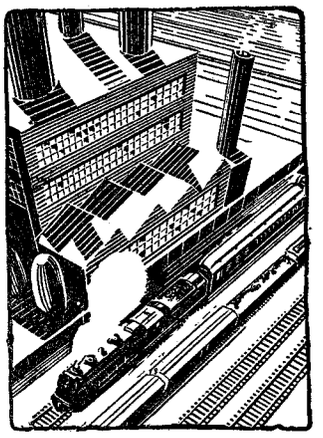
This, it is our hesitant prophecy, the country will not do. The alternative is to find some other means of support for about 10,000,000 men. In view of the fact that at the present time we have more than this number out of work, this alternative is not pleasant to contemplate. Nevertheless, it is this horn of the dilemma upon which a solution must be hung.

We know perfectly well that, in addition to our ability to raise all the foodstuffs and raw materials we need, we have the capacity to produce manufactured goods in quantities far beyond anything we have ever yet turned out. And there is no indication whatever that we have reached the limit either of our desire for additional manufactured articles, nor of our capacity to invent and produce them. If this great capacity, both agricultural and industrial, should be set to work we should have all of the material elements for a standard of living far above any we have yet enjoyed; for a prosperity more widespread than any the world has known.



The problem is primarily one of distribution—getting purchasing power into the hands of those who need unmeasured quantities of the products of an industry and of an agriculture both of which are struggling in the quicksands of depression because of the lack of a distributing mechanism which would enable these people to buy. The present Administration is entitled to all credit for having made clear to the country the nature of the problem. Its efforts to solve it, as far as industry goes, if occasionally scattering and tending to neutralize each other, are in the right direction. But if to the industrial problem is added the agricultural problem, not as it has been glimpsed so far, but in its stark reality as now presented by the agrobiologist, the inadequacy of the remedies thus far attempted becomes painfully apparent.

It will be necessary to recognize the essential difference between agriculture and industry. We shall have to make our plans in consideration of the fact that increasing scientific knowledge will not only reduce the *proportion* of the national effort which goes into agriculture, as it has done in the past, but will reduce the *actual number* of men required. On the other hand, industry has an almost unlimited capacity for expansion. It is futile to attempt to stem the human tide which has flowed from the country to the city. On the contrary we must prepare for a considerable acceleration of its rate of flow.

Despite appearances, this does not necessarily mean doubling the number of the unemployed. Our existing unemployment problem has already made clear the necessity for modifying long-established customs in the employment of workers. It is perfectly obvious that if all the work there is to be done, whether it be on the farms, or in the factories, or in the services, were to be divided among all the workers, the only unemployed would be those who from illness, accident, or otherwise, are incapacitated.

This might mean a shortening of the working week even beyond the 30 hours which is the lowest figure yet suggested in official circles. Two shifts at 20 hours a week will keep a factory in operation 40 hours. Such an arrangement would afford ample opportunity for all the men now eking out a precarious living in agriculture to find employment in industry or the services. The human problem involved in such a transfer need not unduly disturb us. It is but a continuation upon a somewhat larger scale of a process which has gone on without interruption since the beginning of the industrial age.

We do, however, at once run into a much more serious problem. If the present total wage bill of the farms, the factories and teh services is divided in proportion to their abilities among all the workers, it will merely put the unemployed to work at the expense of the incomes of those workers already employed. The evils of under-consumption would be more evenly distributed, but it would mean a lower standard of living and a continuance of the low

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level of business activity. Technically, a factory might run two 20-hour shifts a week, but economically it could not do so unless it could dispose of the increased product.

Recent studies of the consumer market have established beyond the reach of skepticism that, in periods of business activity, between two thirds and three quarters of the consumers' goods and services sold in this country are purchased by families with incomes of less than $3,000 a year. These are, in overwhelming majority, those who work for wages and small salaries. By far the greater part of the incomes larger than $3,000 a year is derived from the business created by these purchases. It is becoming increasingly clear that the level of business activity in this country is determined primarily by the total amount of money which flows into the small income brackets.

The effort of the NRA to increase employment and raise wages is a recognition of the fact that the total national payroll is the major element in the total of small incomes. It is open to question, however, whether the effort to add to the national payroll directly, by subjecting all employers to social pressure to employ more workers and to raise wages, is not putting the cart before the horse. This method will almost inevitably force up prices faster than consuming power can be increased.

There is a still more serious aspect of the present campaign. Employers range all the way from those making no profit to those making, even in these times, a very substantial one. The less profit a man makes the larger the percentage of those profits which goes directly into consumption for the maintenance of his own family. The NRA campaign means that many of these small-profit employers must either accept the regulations at the expense of converting their profits into losses, or refuse and see their customers directed to their competitors by means of a government-inspired inverted boycott.

In either case, the small-profit employers will be forced out of business to the advantage of those employers whose higher profits enable them to meet the new regulations. Now it is generally accepted that high profits are the main source of our economic troubles. Concentrated in a limited number of hands, they cannot all be used for consumption and the balance is thrown into the investment market. The plethora of investment capital then results in the overbuilding of producing equipment.

This has long been understood, but what we are now beginning to realize is that the needless duplication of producing equipment, not only adds nothing to the country's total capital values, but actually destroys capital values of far greater extent, because it reduces the consuming power from which the income on all capital is derived.

It is therefore to the direct financial advantage of all owners of capital, whether they be multimillionaires or small depositors in savings banks, to take measures to sustain consumption. The larger the income, the larger the prospective contribution to new investment, and therefore the larger should be the contribution to the fund available to maintain consumption. A graduated surtax on incomes is the obvious means of accomplishing this result.

The next problem is to get this money into the hands of those who need it for consumption—the low income groups. Large expenditures for public works of a non-income producing character operate in this direction. But this is a slow and awkward process and involves payments through contractors who properly expect to make a profit. Still more awkward is the attempt to get money to consumers through an enforced increase of the wages paid by employers.

If we accept the fact that the very existence of over-investment shows that not enough of the national income is going into the small income groups to sustain an adequate level of consumption, then there is no reason, even from the capitalist's point of view, why the receivers of small incomes should not have those incomes directly increased. If they were so increased from a fund constantly replenished by the surtax mentioned before, the capitalists would be protected from the evil effects of over-investment, the workers would receive the largest income compatible with the actual needs for new capital and the national economy would be kept in fairly steady balance.

Any direct payment to individuals regardless of their contributions to production is repugnant to the whole American philosophy of life. But it is entirely practicable to distribute money from the revolving fund to individuals in proportion to the value of their labor. We first must adopt the suggestion made before that the work to be done in the country be divided among all the workers by shortening the working week. If that is done, then a percentage added to the wages of each employee would add this percentage to the total basic consuming power of the country, but the extra amount each individual would receive would be in proportion to his economic contribution as indicated by his regular wages. The additional amounts might be actually placed in the pay envelopes by the employer, who would then reimburse himself by drawing upon the fund.

The amount of the percentage to be paid in this way could be based upon the difference between the actual number of hours currently worked and the average number of hours worked by all workers during, say, the last ten years. Such an average would be a fair indication of the normal level of our economic activity. Whenever the current level fell below that average, it would be a warning that consuming power was falling off and that there was trouble ahead. The payment of an additional percentage to all workers under these circumstances would at once raise consuming power above the current level of production and bring both production and consumption back to the ten-year average, upon reaching which the payments would stop.

If the problem were attacked at these two fundamental points we could absorb into industry—the expandable part of our national economy—not only all the available workers now out of work, but any additional number who might be released from agriculture from time to time by the increasing application of agrobiological science. The division of work among all available workers would practically eliminate the problem of unemployment and the payment of additional sums to wage earners whenever the decline in production indicated a falling off in consumption would insure an adequate standard of living throughout the country and the relief of the economic structure from the periodic destructive collapses which now play havoc with farmers, wage workers and capitalists alike.

Only by the courageous adjustment of these two fundamentals can we raise business activity, the values of property and the standard of living of the country to adequate levels. Only so can we free ourselves from a depression which limits our industrial plant to fifty per cent of its possible output and which keeps in our agricultural establishment five men to do the work which one might do.

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Economic War Reports

Compiled by Edward H. Collins

American Front

THE ENTHUSIASTIC PREDICTIONS of its sponsors around the Fourth of July that 5,000,000 unemployed would be put back to work by Labor Day have not materialized, but the record of recovery since the end of April has been a very gratifying one, none the less. It shows that payrolls, which stood at 33.4 per cent of the 1926 level when the movement began, carried to 52 per cent by the end of August; and it shows that employment climbed from 55 per cent of normal to 71.6 per cent. These are gains of 48 per cent and 28 per cent, respectively.

With most of the important codes drawn up and with the NRA machine fully organized for action one could hope that a similar record of progress might be made over the next month or two, since seasonal considerations favor an acceleration of the advance. Unfortunately, however, there was evidence during September that instead of finding progress easier, the NRA was finding it more difficult, chiefly because of rising prices for goods at retail. During the spring and early summer months retail prices had advanced slowly, but the momentum of the advance increased sharply in July, when the percentage rise amounted to 5.2, and sensationally in August, when it reached 8.4. Authorities estimated the probable rise in retail prices by mid-October at no less than 35 per cent. It was pointed out a month ago here that if the NRA was going to function according to theory this price rise would have to be restrained; a month has transformed that problem from an academic one into a practical and even a critical one.

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French Front

THE SANCTITY OF CONTRACTS is held to be the keystone in the bourgeois economic arch, and yet France, the most bourgeois of countries, often treats her contractual obligations as suits her convenience. She stabilized her currency at a lower value than any other leading nation. That clear, cold French logic has not seen French honor impugned by deliberate default on the war debt contracts. When, therefore, we see France suddenly coming forward with an offer to pay 10 per cent on her war debt, rescind tariff increases on certain American products that had been in effect only one day and drop fifty-five import quota restrictions in one day, many of them applying to American goods—when France does these things one should search immediately for the motive, for France "the soul of honor" is also a good horse-trader. One imagines that the answer is to be found in the speed with which the repeal movement is sweeping the sovereign states. By early December that which has been illegal for so many years may be legal again. France has a lot of wine it might export to a thirsty nation like the United States. But there are reports that French wines will not be let within the three mile limit until something is done about the war debt arrears.

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British Front

GREAT BRITAIN has displaced the United States as the leading trading nation. Britain's percentage of total world foreign trade was 13.4, during the last year, as against 10.9 for the United States. This does not mean that Britain was able to increase her trade; it merely means that Britain was in a better competitive position to claim a lion's share of what little trade there was. The United States has had a severe come-down since 1929 in foreign trade. In the last of the boom years, when American exporters were selling goods abroad on credit supplied by American investors, the United States had 13.8 per cent of world trade, compared with 13.0 per cent for Great Britain. One scarcely deserves any citation, however, for "selling" goods on the strength of foreign loans. It is when the supply of loans dries up that selling abilities are put to the test. The only substitute for paper currency as a foreign trade advantage is the ability to slash costs, which means largely labor costs, to the bone. In that line Germany has been more successful than England or the United States. Germany, moreover, has been able to stimulate her exports by use of blocked marks, which were offered up to a 30 per cent discount. As a result, Germany went ahead of Britain as the second exporting nation last year.

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German Front

IT IS BY NOW an old story about the agricultural self-sufficiency which the war-like states of Europe have been trying to achieve since the first World War. Frequent reference has been made here to the success which Italy and France have had in building up the national wheat output. Germany, too, belongs on the list, and, even at the risk of repetition, it is well to point this out because the war which the generals specialize in is grounded in the war of the trade bills. Here is Germany in the first six months of this year reducing her importations of foodstuffs to about half of what they were in 1929. Grain and flour imports in the half year were valued at 162,000,000 reichsmarks, compared with a total of 452,000,000 reichsmarks four years before. The showing made by grain and flour importations was repeated in greater or less degree by livestock,

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meat, butter, cheese and eggs. Besides giving more employment to those brownshirts not busy marching, raiding and salaaming to their chieftain, increased output of foodstuffs at home helps Herr Hitler to prepare for that war he so unblushingly seeks in order that his own Napoleonic stature can be proved. To build up yet further the national food supply, enabling him to supply a morsel of bread along with the circuses in which he surpasses, Hitler has persuaded the East Prussian Junkers to consent to divide, in part at least, their estates. It was against these granitic Junkers that the Cabinets headed by Bruening and von Schleicher crashed.

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Austrian Front

AUSTRIA HAS STRUNG ALONG with Germany economically ever since the war, and national bankruptcy is her lot. That energetic mite, Herr Dollfuss, is now engaged in reorientating Austria's foreign trade policy. Chancellor Dollfuss is teaming up with Mussolini to switch the port of egress and entry for Austria's foreign commerce from Hamburg to Trieste. After the Dollfuss-Mussolini meeting at Riccione, Austria announced that it was going to have a mercantile fleet operating out of its pre-war port, Trieste. In return for the shunting of Austria's meager foreign trade to Trieste, Italy is to give preferential treatment to Austrian imports, giving special attention to the purchase of those manufactured goods which Austria features. Closer economic union is to be had with the old compatriot in arms, Hungary, which in turn is being courted by that practiced charmer, Mussolini, with an offer to buy all of the Hungarian corn which cannot be marketed elsewhere. The road to the Hungarian economic heart leads straight through the cornfields. From the chief European powers Herr Dollfuss has finally obtained the 250,000,000 schilling loan—no mean accomplishment in times like these. Most of Europe, in fact, now is very much interested in Austria's welfare. Germany is still trying to bring Austria to her knees economically. German tourists are assessed a 1,000 mark fine for applying for an Austria visa. But it is clear gain to Austria if, by losing Germany, she gains the rest of the world.

Russian Sector

IN THE DAYS OF PURE THEORY, before Hitler and his brownshirts came into power, it was one of their economic precepts that Germany should withdraw from the field of foreign trade except for movements of raw materials. Since his hand grasped the scepter Herr Hitler, of course, has modified this view. Still, Russia is helping to make him a better theorist than Chancellor, for the Soviet is diverting every ruble of trade it can to other countries. In the first six months the Soviet bought about 100,000,000 rubles of goods from Germany, or more than twice as much as it sold to the Reich. The Soviet now, however, is turning to other nations for its requirements so as to deny the red-baiting Hitler the economic support its orders give. The R. F. C. has under consideration a Soviet application for a loan of from $50,000,000 to $75,000,000, all of the proceeds of which would go to the purchase of commodities in this country and, if any money was left over after that, to buy machinery. It is more than passing strange that the United States government, through the R. F. C., should rate the credit of the anti-capitalist Soviet more highly than that of its needy fellow capitalistic countries. Commercial honor, many persons will doubtless be surprised to learn, is not exclusively a capitalistic attribute.

●

British Dominion Fronts

THWARTED IN INDIA by a steep rise in the duty on textile imports, Japan has turned to Australia in an effort to find a market for her exports. Without doubt Japan is the most favorably situated of the finished goods exporting nations. By Occidental standards, her wage levels make those of our sweatshops high by comparison. More than that, her currency is depreciated more than 50 per cent in gold terms. Japan is able to lay manufactured silk down in Melbourne at a price cheaper than the freight and duty on similar British goods; and for several other kinds of manufactured textiles the Japanese are quoting lower prices than British, Australian and American manufacturers pay for their raw materials. It is figured that the cost of Japanese goods is about 40 per cent under that of her chief exporting competitors and that the quality is just as high. Russia is in the same boat as Japan so far as exports go. Having an economy deprived of the profit motive and with an exchange just as flexible as the authorities want to make it, Russia might be expected to sweep all foreign markets before her. Canada, however, is planning to invoke the Ottawa pacts to keep Russian timber out of the British market. South Africa has just gone into farm relief Roosevelt fashion, with rebates and the rest of the relief paraphernalia. India is planning a central bank, and the currency, significantly enough, would be tied to sterling rather than to gold.

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Latin American Sector

THERE IS SOMETHING IRONIC in the way President Roosevelt and the Democratic party, professedly liberal, are having to confront a political and economic situation in Cuba which may make them a vehicle of American imperialism. In exactly the same way, to protect American interests, Woodrow Wilson, another Democratic president, invaded Mexico and bombarded Vera Cruz, landed Marines in Haiti and Nicaragua, going directly counter to the professions of respect for the rights and independence of our southern neighbors made by the liberal elements in the Democratic party. The fact is that the economic penetration of the United States in Cuba has been going on apace for thirty years, encouraged by every administration as a medium for increasing our exports and prosperity, with the result that Cuba and other Caribbean countries are economic satellites while politically independent. This is the quandary in Cuba today: can a people which does not own its own country govern itself and regulate the national wealth belonging largely to an overwhelmingly big neighboring country? The problem is further complicated by the absence of any real statesmanship and self-denying political leadership either in Cuba or the other Caribbean countries. And needless to say, all of Latin America, knowing the extent of American economic interests in Cuba, are skeptical, to put it mildly, of the "neighborly" professions of our administration.

All of Latin America is watching Cuba today with a mixture of cynicism and uneasiness, to see how we work out Cuba's destiny for her.

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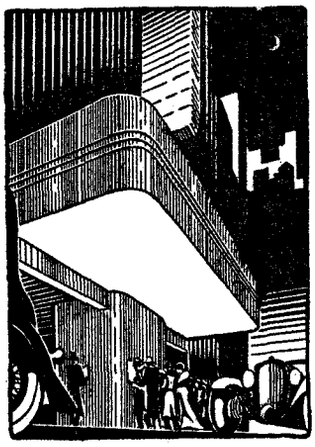
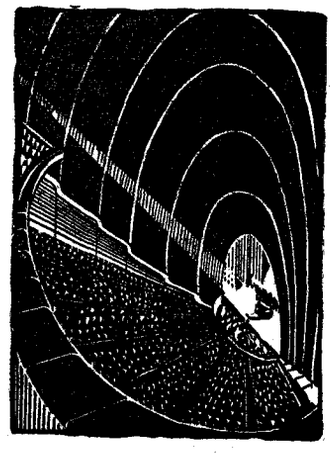


To See or Not to See

By Cy Caldwell



Thunder Over Mexico

Lesser-Eisenstein Picture

From the bewildering miles of uncut film that the Russian director, Sergei Eisenstein, sent back from Mexico, Sol Lesser has selected enough for one standard length picture, with enough left over for half a dozen more, which I hope will be released. It is a gorgeous sample of the work of a genius, with some of the most beautiful photography that ever enriched the screen; it is the poignant drama of a peon who with two friends is buried breast high in the ground and trampled to death by horses because he protested the ravishing of the girl who was to have been his bride. Impossible to convey in words is the emotional intensity and chilling horror of this scene, which has had its counterpart many times in the actual history of Mexico. The splendid musical accompaniment by Hugo Reisenfeld is in exact harmony with every mood of the picture, from the opening sequences depicting Aztec history to the blood-curdling death scenes, when it breaks into screams of anguish, then underscores the thunder of the revolt, and finally ends in a triumphant song of freedom. It is these last scenes that you will find vague and inconclusive, even rather senseless. The personal drama has ended, the revolt is barely indicated; and then, with a sorry let-down of emotion and interest, we discover happy and smiling peons working with huge machinery, and enjoying it! Such an ending is unfortunate, annoying, because it is untrue to facts. The Mexican peon is *not* as merry as a cricket in a machine civilization that could be either Joseph Stalin's proletarian "paradise" or Henry Ford's personal industrial purgatory on the banks of the River Rouge.

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A Party

Play by Ivor Novello. Presented by William A. Brady in association with Samuel Nirdlinger at The Playhouse

On the credit side there's Mrs. Patrick Campbell playing the Mrs. MacDonald who is a copy of Mrs. Patrick Campbell; and there's our dear Cissie Loftus giving her imitations, but having nothing else to do, which is a sad waste of talent. On the debit side there is what Ivor Novello admits is "no play in the ordinary sense of the word." I don't think he'll encounter a dissenting opinion. What he has done, for reasons that escape me, is to gather up the loose ends of conversation at a party following a theatrical first night, hang them together on a flimsy and unreal situation, and hope for the best. Thanks to Mrs. Campbell and Miss Loftus, and thanks a little to Mr. Novello's occasional samples of wit, A Party has its moments. But on the whole it is quite as dull and tiring as any average party. Furthermore, nobody invites the audience to have a drink, and they need one.

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Berkeley Square

Fox Film

A genuinely fine and exquisitely wrought film is this adaptation of John L. Balderston's intriguing metaphysical play. Fox Film Co., Director Frank Lloyd and Leslie Howard, who also played the principal role in the stage production, may feel justly proud of their efforts; for nothing more charming, more sensitive, more thoroughly fascinating, so far has enriched the screen. It is the strange story of a modern American who is permitted to step into the life of London's Berkeley Square a century and a half ago. As the tale unfolds it seems quite believable in its gentle humors, its pathos, its romance. Berkeley Square is a perfect gem of a picture.

Dinner at Eight

Metro-Goldwyn-Mayer

This is a rare treat, a fast moving episodic story of Mrs. Jordan's dreadful dinner party, with every member of her family and every invited guest in some difficulty. They encountered every minor disaster except Huey Long suddenly popping up in the washroom. Adapted with only the necessary changes from the George S. Kaufman-Edna Ferber stage hit of last season, and brilliantly directed by George Cukor, it has everything—romance, drama, humor, pathos, suspense. More lavish than the Broadway production, the photoplay rejoices in the presence of Marie Dressler, Wallace Beery, Jean Harlow, John and Lionel Barrymore, Bille Burke, Edmund Lowe and other celebrities who turn in splendid performances. Miss Dressler is simply grand, Miss Harlow displays a further development of a remarkable comedy sense, and Mr. Beery plays the part of Dan Packard as only he could play it. Dinner at Eight is one of the most enjoyable and exciting pictures yet produced; it is simply superb entertainment.

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Lady for a Day

Columbia

This is simply grand old sentimental hokum, absolutely unbelievable, but delightfully entertaining, with enough tears for the susceptible and laughs for everyone. Taken from a story by the brilliant Damon Runyon, it tells of Annie, old gin-drinking Broadway apple vendor, whose daughter has been educated abroad, and comes to New York with her titled fiancé and his father, expecting to find her mother a grand social dowager. How Dave the Duke (Warren William) borrows a luxurious apartment, buys old Annie new clothes, coaches his gangsters to be gentlemen for an evening, kidnaps society reporters and becomes involved with the police, the Mayor, and even the Governor of the State, makes a swell story. May Robson is superb as Apple Annie and Frank Capra's direction is faultless.

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Yos'.e Kalb

Maurice Schwartz's Pr uction at the Yiddish Art Theatre

Yoshe Kalb, the stupendous dramatic hit of ast season, returns after a triumphant tour for a brief stay in New York. It is a thrilling, imaginative, powerfully dramatic play from the novel of I. J. Singer, an extraordinary achievement presented with consummate art. That, like myself, you may not understand Yiddish will be no bar to your enjoyment of this grand spectacle. No finer performance than that of Maurice Schwartz as the Nyesheve Rabbi could be imagined; his characterization is magnificent. You will find Yoshe Kalb a stimulating and unforgettable experience.

●

Penthouse

M.-G.-M.-Cosmopolitan

Although I have maintained that in the interests of recovery the entire crop of gangster stories should be ploughed under, I must report that Penthouse is so interesting and amusing, so well staged and acted, that the incidental slaughter with machine guns may be forgiven. Here we have a sentimental gangster (Nat Pendleton) giving his life to save the lawyer (Warner Baxter) who has snatched him from the clutches of the electric chair. There are fine performances by George E. Stone, Myrna Loy and Charles Butterworth. Despite the gangsters, Penthouse is worth seeing.

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The Power and the Glory — *Fox*

The widely publicized new cinema technique named "narratage" turns out to be the familiar cutback used throughout the film with the voice of the narrator explaining several of the scenes and sometimes speaking for the characters. It is merely an old fiction-writing device wired for sound, telling first the end of the story and then the events leading up to it. I found it interesting at first and then rather annoying. After all, a man's life doesn't start with his funeral, hark back to the old swimming hole, leap forward to the point where he is president of a railroad, jump back to his courting days when he was a lowly track-walker, hop forward to the suicide of his old wife, and then skip back twenty years to that moment when the woman whom we have just seen hurl herself under a street-car is young and bearing him a son. Director William K. Howard's effective control saves this hop-skip-and-a-jump tragedy from being a mere sorry jumble and gives to isolated parts of it a few moments of real drama.

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Broadway to Hollywood — *Metro-Goldwyn-Mayer*

Very effective in the earlier sequences where Alice Brady and Frank Morgan admirably portray the two Hacketts, vaudeville hoofers of three generations ago, this film becomes steadily less entertaining, more unbelievable, as the son becomes a musical comedy star, and takes to drink, while his son graduates from vaudeville to pictures and becomes a movie star. In the closing scenes *M-G-M* insert sequences from an unreleased technicolor musical of five years ago which serve chiefly to destroy the sentimental feeling so carefully built up. It is only for Miss Brady's fine work that I consider the picture worth seeing.

●

One Man's Journey — *RKO-Radio*

In this sentimental, tear-drenched case history of a country doctor, Lionel Barrymore portrays an amazingly soft-hearted old practitioner whom his patients reward only with potatoes, turnips, and other products of their non-subsidized farms—for this story dates in the hard-working pre-Roosevelt era, before farmers were paid by the other taxpayers for just settin' still. I yearn for such kindly non-commercial physicians as Dr. Barrymore; in fact, I wish that we had in New York even one such noble and self-sacrificing pill purveyor. Most assuredly he would win all of my family trade; I'd be delighted to settle his bill with a sack of potatoes from the A. & P. It is a tribute to Dr. Barrymore's histrionic ability that he makes this lachrymose medical fable affecting and convincing. Well, fairly convincing.

●

Voltaire — *Warner Brothers*

Optimistic folk who expect to see even a remote approximation of the character of the sardonic skeptic Voltaire are warned to content themselves with Mr. George Arliss in a wig and gown coming to the aid of an ingenue in distress. The misleading title may be forgiven, for Mr. Arliss is, as usual, a delightfully whimsical, arch old gentleman, kindly, lovable, and every inch an actor. If he wishes to call himself Voltaire or Santa Claus or Mahatma Gandhi who am I to deny him such a harmless pleasure? I don't say, mind you, that my favorite actor couldn't give an amazingly true characterization of Voltaire if the director and the scenario writer and the producer would let him try it. But they won't, and nothing can be done about it. He would be forced to be sweet, gentle, whimsical, lovable, even if they cast him as Henry VIII. The picture is an old-fashioned costume drama redeemed from its inherent dullness only by the presence of Mr. Arliss.

●

Bureau of Missing Persons — *First National*

I doubt that the New York Police Department's missing persons bureau is run by any such kindly old Uncle Pooh as Lewis S. Stone makes of Captain Webb; and I doubt that the place is filled with slapstick comedy detectives with bigamous wives, or that young ladies like Bette Davis, accused of murdering their employers, come running in to have the supposed corpse traced by the police. In short, I'd be as surprised to find any of these things in the department as I would be to encounter Bishop Cannon celebrating Repeal. While the comedy is at times moderately successful, it is misplaced and kills the dramatic interest, which was feeble to begin with.

Murder at the Vanities — *Homicidal musical review presented by Earl Carroll at the New Amsterdam Theatre*

Death stalks the Carroll nudist colony this season, killing two young ladies and my interest. Evidently yearning to be different, Mr. Carroll has combined a second-rate murder mystery melodrama with a lean reminder of the scenically lavish Vanities of fatter years. Like Prohibition, the result may be noble in purpose but is muddled in execution: an unhappy hybrid, part Minsky, part morgue. If the show pains Mr. Carroll as it does me, his new slogan will be, "Back to Minsky."

●

The Masquerader — *United Artists*

Of course, The Masquerader is old-fashioned and quite incredible, but thanks to Ronald Colman's expert handling of the dual roles of Sir John Chilcote and John Loder it is always interesting, even though you have seen Guy Bates Post in the stage play of 1917 and the silent movie of ten years ago, and know what is coming next. The trouble with these films where one man plays two parts, one character impersonating another, is that the drama is overcome by your curiosity: you're continually checking up on the actor's success in getting away with the two characterizations. Thus the photoplay becomes a sort of picture puzzle in which your chief interest lies in the actor's ability to fit two pieces of the puzzle together. Mr. Colman does this exceptionally well and almost succeeds in making you forget that it is all fantastic make-believe.

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One Sunday Afternoon — *Paramount*

The Broadway play about Biff Grimes, small town dentist who found that he had married the right girl after all, comes to the screen in a faithful transcription which recaptures many of the sentimental moments but misses most of the vitality of the stage production. I always thought that the best part of this pleasant but trivial drama was the acting and direction, and now I am sure of it. Lloyd Nolan's lusty characterization of Biff was a treat to watch; but Gary Cooper's Biff is merely a quiet and workmanlike job of acting. Furthermore, the wild and improbable episode of Biff shooting the watchman, which in the play was mentioned as happening off stage, is acted out in the film, with results somewhat disastrous to the mood of the story. Now that we actually see it, we can't believe it. Frances Fuller is splendid as Biff's wife, but Fay Wray is disappointing as Virginia. Still, it's a nice friendly little picture, and I liked it, as I did the play.

●

Goodbye Again — *Warner Brothers*

When clever Osgood Perkins played the part of the lecturing novelist who meets an old flame and several complications in Cleveland, I thought Goodbye Again just about the happiest comedy of the season on Broadway. It was a mad satirical antic, depending for its success on subtle playing and such inspired direction as Arthur J. Beckhard gave it. Lacking these things, and handicapped by a very poor scenario, it now rushes gibbering at you as broad film farce, with all the subtlety and light satirical touch usually associated with a Staten Island ferryboat. Warren William is sadly miscast as the novelist; not an antic comedian at heart, Mr. William clowns his heavy way along, making faces, mouthing words. Miss Joan Blondell isn't too bad in the part so well played by Sally Bates; but she isn't too good, either. The rest of them, and the scenario writer, are what God made them. They should pray for a new deal.

●

DETOUR DEPARTMENT

The Blue Widow, at the Morosco Theatre, places Queenie Smith in the part of an unscrupulous little baggage who uses guile and baby talk to capture all of the males in a Mrs. Talbot's uncommonly dull house in Connecticut. None of this is smart, and all of it is boring.

Come Easy, at the Belasco Theatre, is well done by all concerned except the author, who has dug up another of those irresponsible families but has failed to write any bright lines for them. The daughter brings home an Italian Count, and he gradually gets around to marrying her.

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Old Age, American Style

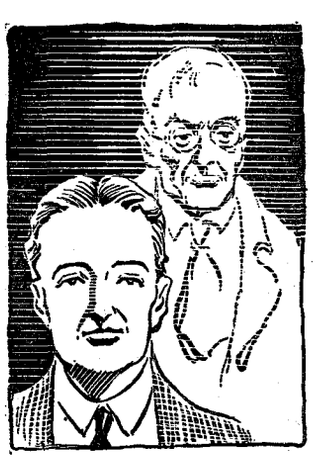
By Marie L. Darrach

War between the age groups of American people, intensified by the Depression, is discussed by Marie L. Darrach, magazine and newspaper writer, who suggests the difficulty of solving the problem of the aged by legislation alone.

THE system of age grading, which separates 70 irrevocably from 50, and decrees that 40 remain outside when 25 gives a party, is peculiar to the United States. In no other country does the basis of age alone furnish so definite a line of demarcation between a portion of the population recognized as economically efficient and socially attractive and that part of it which is neither useful nor particularly ornamental. And the one exception in this country to the normal processes of assimilation characteristic of a democracy is this failure of the age groups to mix, which amounts to a tendency to diverge further and further with the passing years.

The American scene against this background of age distribution shows the population divided into two distinct camps. The old age group, according to the last census report, numbers 21,006,057. Men and women past fifty (the age at which business and industry scrap them with the rest of their worn out machinery) occupy the position at one extreme. Those of one hundred years or over—when the census man stopped counting—are at the other. The second main group includes the remainder of our 122,775,064 inhabitants, and is made up of the so called younger generation under twenty-five, who, with those between that age and fifty, are reckoned as the industrial bone and sinew of the country.

And between these age groups on either side of the fifty year line is a barrier of misunderstanding, prejudice and distrust, not so dissimilar from the racial wall separating the nations of the world. And it is only an accumulation of birthdays which accounts for this sharp separation of our population into hostile groups. From their attitude one would suppose that the old had never been young, and that the young never expected to be old. And at the moment youth and old age have come to grips because there are not enough jobs to go round. But the trouble lies deeper than that. As segregated classes, they are as opposed in spirit as the French to the Germans and the Nazis to the Jews. Only the reasons are far more absurd.



To differentiate further between old and young, the old age group is divided into two sections. In one are assembled 17,142,807 persons between 50 and 70, hundreds of thousands of whom are unemployed, and whose chance for re-employment is negligible; in the other division are 3,863,250 old people of 70 and over. This age segregation maps the population for the purpose of designating a group over 70, who are entitled to relief from public funds; of isolating those past 50, who have been discarded by business and industry; and of exploiting the younger contingent, now numbering about one hundred million, but which according to statistical charts is diminishing with alarming rapidity.

It is the speed with which the old age group is increasing which has begun to disturb, not only our law makers, but a public fast growing pecuniary-conscious. By 1950, according to the recent report of the National Division of Statistics, 25 per cent of our population will be over fifty. And far sooner than we have been calculating a stabilization point will have been reached where 35 per cent of the inhabitants will have passed the half century mark. The number of people over 65 increased 34 per cent between 1920 and 1930, and the percentage is gradually rising. This speeding up of the movement toward an older population, as the result of a decline in the birth rate (now the lowest on record) is a matter for grave concern. Forecasting, as it does, the anomaly of a "young" nation whose people are rapidly aging, the situation warrants urgent attention. But it is the shift in distribution, which will give such numerical strength to an economically worthless segment of the population (the sentiment is that of business and industry), which requires action more far-reaching than simple emergency legislation on the part of our harassed law makers.

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Introducing the subject of old age in connection with our present disturbed economic condition is provocative. Plans for gearing the industrial machinery and controlling the agricultural output should take into consideration the trend toward an old age majority in the population, with its effect on housing, distribution of property, pensions and other social phenomena. Also in the face of an enormous increase in dependents in the aging group, a system more economically sound than that of pensioning impoverished citizens over 70 should be installed. Failure to do this now, when so many other government alterations are being made, simply means that the walls of our social structure will have to be ripped out again later to make other im-

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provements on the old age relief plan started in 1928.

But the problem of old age, complicated as it is now by the Depression, the pushing down of the dead line of employment, and the sinking birth rate, consequent upon the cessation of immigration, cannot be solved by legislation alone. The complications created by the mental attitude of both the younger and older generation must be rectified through some other agency. And psychological rather than legal adjustment is necessary to clear up the disturbance between youth and old age which is keeping the country stirred up, much as a household is when a grandmother, mother and daughter are all going off at tangents under the same roof.

Women, representing the flower of the country's youth and old age, faced each other recently at the International Congress of Women at Chicago. No such spectacular demonstration of the attitude of the two generations toward each other has as yet been staged by men. But it is to be presumed that the young women, representatives of fourteen colleges, spoke for their male contemporaries as well as for themselves when they announced that age had no place in "youth's plan for a civilized world." They struck straight from the shoulder in denouncing the old-fashioned tribal laws and the social strife in this sorry world they were inheriting from their progenitors. And the oldsters, admitting their shop-worn ideals, took it on the chin—reminding their young critics, however, that if all the experience their generation represented were removed from the world, there wouldn't be enough left to run it. Also that as contemptuous as these youthful crusaders might be of the achievements of those past fifty, it would be folly to ignore the service they could still render from the dignified and conservative position which was theirs by right of conquest. Incidentally the delegates from foreign countries listened with amazement to this rattle of musketry over such a point as the measure of ability in terms of age.

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These elderly women at the International Congress who had aged in half a century of campaigning for the political, and economic, emancipation of their sex warranted no such sweeping dismissal from a freshmen group which had still to learn that knowledge comes, but wisdom remains. Many of them are still lusty travelers on the broad highway of life who could give these youngsters cards and spades and still win. And because of their tolerance, intellectual and spiritual perspective and sense of humor, the country could ill afford to lose their point of view. But because of the stigma which attaches to old age in the eyes of youth they were denied the respect and consideration to which they were entitled.

But in all fairness to the young collegians who were taking pot shots at them at Chicago, it must be noted that these distinguished women, still in the ring, are not typical members of the old age group. Nor are the elderly men, holding their own in many fields of activity, representative of the majority of the twenty-one million in that segment of our population who have created a national problem. As a matter of fact no more sorry spectacle can be imagined than is presented by this bewildered mass of humanity—sinning as well as sinned against—as it drifts along in confusion. There is much justification for the bored indifference with which the younger element views it, but not any for the active antagonism which exists between the two groups.

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Unemployment has been increasing for years in the first stretches of this age area, because of the tendency toward mergers in business, mechanization of industry and the custom of retiring employees at fifty. And now the long period of depression has reduced it to a congested bog, in which the jobless seem hopelessly sunk. These people, past the official age limit for re-employment, finished, so far as their vocations are concerned, and yet confronted with the necessity of earning their livings, are filled with resentment. Discontented, vengeful and bitter, they blame youth for depriving them of their rights, and sneer at a social system which fails to appreciate their value. Dread of public pauperism affects them more seriously than any other uncertainty of life. Thus they exist and drift in an agony of fear. Enforced idleness and its resulting mental reaction changes them into crabbed reactionary individuals as pathetic as they are disagreeable. These people have no bloc, no organization, no spokesman and no propaganda, and are absolutely powerless to reinstate themselves in business and industry. They claim to be in perfect physical condition, but as a matter of fact, as a result of their deplorable mental state, are usually slow of motion, deficient in reflex and utterly lacking in initiative. One of them said recently in a despairing letter to the press:

"There are many men like myself past the age of fifty, who can do as much, and just as good work, whether it be laborious, clerical or technical, as a younger man; still we are considered too old for the most ordinary job."

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In this estimate of himself, and of his fellow unfortunates, he is probably wrong. What he says may have been true when they first lost their jobs. But a few years of idleness and resentment play havoc with them. And while they seem physically fit to meet the demands of a job, a psychological test would doubtless reveal a deterioration obvious to everyone but themselves. Memory gone; accuracy impaired; and attention and observation way below par, in all probability, would be their record. And yet, unless they become dependent on relatives or organized charity, Society expects them to provide themselves with food, raiment and shelter, at least until they are 70. And the spectacle of literally hundreds of thousands of these aging people tobogganning down the chute of unemployment to this 70-year-old level where they will become claimants for an old age pension, has bred only contempt for their incompetence in the mind of youth.

The Depression has brought also a new class in the old age group with a new and peculiar economic problem. This class has been created by the sudden and unexpected failure of mortgages, the dwindling and final disappearance of stock dividends, the defaulting on bonds and the

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failure of rent and trust incomes, from which these persons anticipated a comfortable old age. The predicament of this class is acute because it arrived unexpectedly to a group which looked forward only to a comfortable old age, and is now without any equipment, either mental or technical, with which to find safety in time of economic storms.

It is not to be forgotten that in the old age group are people past 50 who have no financial worries, and consequently are making no problem so far as stabilization of employment is concerned. But wallowing in their own particular slough of misery, they create a ferment of unrest which adds to the confusion in their sector. Women strive to conceal their age as if it were a secret sin; and men, grotesquely miserable because they can no longer charm the opposite sex, bemoan the loss of grace and agility, worry over their digestions and clamor to enter youth's life of gaiety. Concerned with their hardening arteries instead of the obvious softening of their brains, they are a constant source of irritation to the young.

Legislation is making every endeavor to take care of the "age-limit" unemployed among these 17,142,807 between 50 and 70, and in the first aid expedients of the recovery program many of them are being placed temporarily. But we have no reason to believe that men and women over 50 ever again will be absorbed into business and industry, no matter to what heights of prosperity a swing of the pendulum may carry us.

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Few of those who were approaching 45, when they were forced out by the Depression, were among the thousands taken on recently in the New England textile mills, one of the first of the industrial groups to begin functioning under the new regime of shorter hours, higher wages and the abolition of child labor. And it is practically certain that when the saturation point of job fitting has been reached all over the country, and relief from the United States Treasury is no longer available, there will still be an enormous residue of unemployment in the age area across the fifty-year line.

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The angle of the problem relating to old age poverty, as it affects those who have reached 70 with no means of support, is one on which legislators have been at work for a long time. Before 1929, one out of every three persons over 65 was dependent upon charity or the support of relatives. So before the Depression, we had begun to build up an old age pensioning system, which would do away with almshouses and substitute a more humane method of caring for the aged poor. Following the lead of California, sixteen states and the territory of Alaska passed old age pension laws (ten of them mandatory) which placed the responsibility for providing cash relief for their needy citizens over 70, with no one to care for them, upon the state and local governments. It was estimated at that time that the maximum number the country would ever have to support from pension funds would be about one million. And at the rate of $14.32 a month (the amount then being paid to old age pensioners, according to Labor Bureau reports), this seemed no frightening load to carry for a nation so rich as we were then. In fact a number of states voted up to a dollar a day for their indigent who had reached unproductive years.

But the economic condition of the past few years has so increased the old age wards of the nation as to completely upset the calculations based on a maximum of a million aged poor and to make clear the logic of those who have insisted that the old age problem could not be solved merely by turning it into a tax problem. Families and private benefactors can no longer support dependents, and the indications are that the public burden will grow to appalling proportions in the future. In California, the cost of the old age pension fund to every man, woman and child in the state is now forty-seven cents, and by 1935 it is expected that the expense to state and counties will be four million dollars. In other states the rate per capita for the maintenance of the fund ranges from four cents to one dollar and thirty-four cents. In 1932 New York's old age pension roll had already reached fifteen million dollars. An analysis of the expenses of New York City alone shows that $19,586,671 has been paid out for old age security in the past three years.

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Mandatory pension bills similar to those now in existence are still pending in a number of legislatures, though extending the system to include every state in the Union now seems short-sighted and futile. With an old age group growing steadily larger, and the burden of its support falling on a correspondingly smaller group, pensioning the aged poor will in time grow intolerable. And if at some future time we are forced to repeal our mandatory pension laws, we might well have the same protest and the same political disturbance from resentful old age pensioners as followed the revoking of the soldiers' bonus. Also government pensioning of the indigent over 70 is poor policy, as it leads to a regime of dependence at total variance with the American ideal of self reliance.

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The latest legislation proposed for safe-guarding the aged, and favored by President Roosevelt, in a joint Federal and state employment and old age pension to which the beneficiary himself shall have contributed during his working years. Also meriting consideration is a complete state system of compulsory insurance advocated by the International Labor Office. This plan, however, would carry with it the menace of wholesale political interference with earnings as the state would control the use and distribution of 15 per cent of what otherwise would be paid in wages. But the extent to which pensions, whether paid by the state, by industry, or from an employees' investment fund, relieve the sufferings of the aged poor is not far reaching. Even at enormous cost to the public an old age pension to several million people would supply no more than food, clothing and shelter (simply the bodily needs) to each pensioner.

So even when everything possible has been done through Federal and state legislation for the security of the dependent poor over

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70 and the able-bodied unemployed past 50, we will still have an old age problem, involving millions of others, which must be solved through some more effective medium than mystic faith in the coöperative instinct of the populace. Faced by a situation which is no longer temporary and which is threatening to sink us, we must invoke a greater social intelligence than we are now displaying. It would appear, therefore, that only scientifically planned education can correct such phases of the old age problem as are obviously beyond the pale of legislative adjustment.

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Granting that business and industry have no more use for age-blighted men and women, and that retaining the old at work would be depriving youth of its opportunity, the great economic waste of consigning so much seasoned human material to the scrap-heap can no longer be viewed with complacency. And the seriousness of having this drifting mass of humanity becoming the dead-wood it now is can no longer be ignored. The provision made by legislation for this contingency—that of old age compensation to be paid by taxing the young—is inadequate and economically unsound. So the work of our law makers must be augmented by that of some other social machinery which will function along educational lines.

Rehabilitation Bureaus, similar in purpose to those maintained by several states for the adjustment needs of children, have been suggested as a practical means of salvaging and reconditioning those suffering from old age symptoms due to enforced idleness and wrong thought habits. And it already has been demonstrated that not only the actually old, but those who have grown old too young, and those who began to age while still young, may be restored through such an agency, perhaps not to business and industry, but to a community activity from which our present system and their own mental and physical condition and reactionary attitude exclude them.

A complete change of outlook is necessary from both old and young if this social service is to be effective. The elderly who are now confusing old age with ability and seniority with superiority will have to pull themselves up by their own bootstraps to a level of efficiency comparable with the consideration they now autocratically expect. And the young must come to their senses sufficiently to realize that old age, in spite of some of its unpleasant features, is not a cancerous growth on the body politic, but an appendage still capable of functioning valuably.

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A nation-wide movement emanating from the work in California of Dr. Lillien Martin, Professor Emeritus of Psychology at Stanford University, is already progressing along these lines. Dr. Martin proceeds from the premise that old age is not the incurable malady so many suppose, but a period like childhood with the same characteristics, struggles and aspirations. And operating from the Old Age Clinic in San Francisco she has shown conclusively that the method of rehabilitation used so successfully in adjusting youth to its environment may be applied with equal success to the aging. By a system of education and re-education based on a scientific knowledge of the human brain thousands of maladjusted adults are being fitted into new niches and returned to normal communal activity.

The San Francisco Old Age Center is not a clinic for sick people but a salvaging station for those who have lost courage to live; those who are out of rhythm with the life around them; and those who have grown so crabbed and reactionary as to have separated themselves from all social contacts. By reversing their point of view, so that they will look forward instead of back; correcting their tempo, by pepping up the dawdlers and slowing down the misdirected rushers; and substituting new activities for which they have been prepared, the majority of those afflicted with old age habits are helped to re-establish their contacts. Diverting their leisure into fresh occupational channels removes their devastating fear of pauperism and restores many of them to happiness and independence. Stabilizing the morale of industrial workers, who have begun to slip, and keeping them up to a level of efficiency so that they won't lose their jobs, as well as demonstrating to employers the folly of discharging men at fifty instead of salvaging them, is also included in the work of the clinic.

Old age centers like the one in San Francisco, which is financed by the People's Assembly, are now in operation in various parts of the country. And following the rehabilitation program outlined by Dr. Martin, these agencies are returning much reconditioned and valuable material to the active life of their communities. A course for the scientific study of the old age problem has been included in the curriculum of Vassar College, and in a number of cities, university graduates are working to enlarge the field of this new service. Under a coördinated plan of the Departments of Health and Education in New York State, one branch of the Bureau of Vocational Rehabilitation supervises and directs special adjustment programs on an individual case basis, for adults, just as they do in the San Francisco and other old age clinics where old age is the handicap to employment.

And as a result of this activity all over the country, personnel directors and employment managers of industrial plants, department stores and business organizations are adopting the method of salvaging their aging employees, instead of ignoring their deficiencies, or demoting and discharging them when a below normal rate appears in their output. Functioning nationally, such a system would gradually cut down the number of unemployed among the millions past fifty and reduce the quota of those in the over seventy year class claiming pensions.

Probably no single factor would be more effective in solving the old age problem in its entirety than the eradication in youth of tendencies toward an *irrational* old age. It is a psychological fact that every young person carries around within himself the germ of an unhappy old age. And if it is not eradicated early, stubbornness, tantrums and willfulness come to the surface later in life as so called traits of old age, when, as a matter of fact, they are the qualities of childhood.

The garrulous old woman who so annoys her granddaughter didn't get that way from old age. She was the same incessant gabbler at eighteen, when swarms of male admirers called her aimless chatter "vivacity." And the talkative old man, who drives his family frantic, with his ideas jumbled together like junk in a garret, had the same badly furnished mind as a boy. In fact the lack of thought in its relation to expression, charged so persistently to old age, is identical with the quality of intellect displayed by youth in long animated conversations utterly devoid of

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ideas. So the spade work of this salvaging movement should really begin in the young group. It has been confined so far, however, to the old age segment. And even in the "over 70" class, this agency for rehabilitation has found all kinds and conditions of people who still lend themselves to reclamation.

Because it was bad for their particular business the insurance companies decided some years ago that it was senseless for people to die so young. Nor did they see any point in policy holders being incapacitated so long by ill health that sick benefits became ruinous. So life has been successfully prolonged by the development of preventive medicine, applied sanitary science, industrial hygiene and the popularization of health examinations. This application of science to longevity has greatly benefitted the insurance companies, but all the aging have achieved, speaking generally, from the extension of their earthly existence is ten more years of misery. One privilege which they may share alike with youth has been assured to the aging, however, for the first time in history. Because of the improved technique which includes non-combatants in the slaughter, the old of both sexes will have an equal chance with youth to die in the next war. Also, if they are over seventy society admits its duty to the mussed and wrinkled mendicants sunning themselves on park benches, poverty-stricken individuals waiting for final dissolution in almshouses, and hopeless old men and women struggling for existence in an agony of fear lest they be reduced to charity. But in this group, contributing their quota to the confusion which is psychological rather than economic, are also the favored of fortune.

Bracketed with them on the basis of age are John D. Rockefeller and his wealthy but less photographed contemporaries: rich old ladies living at expensive hotels on the bounty of their children; doddering dandies withering in the windows of smart clubs; economically independent spinsters; and nondescript men and women in the role of poor relations. A psychological survey of this cross-section of the old age group consisting now of 3,863,250 showed, according to Dr. Martin that, irrespective of their financial status, social environment, or physical condition, the mental state of the majority was the same. All but a very few were obviously unhappy. So that the silk stocking contingent is contributing as actively as those in sack cloth to the social turmoil for which the old age group is now responsible.

"Smile," said a news photographer to an enormously rich man on the occasion of his ninety-fourth birthday. "I can't smile" replied the multimillionaire ruefully. Of course this answer may have no more significance than the same reply made by a young movie actress to her director because she had neglected to use a popular brand of tooth paste. Nevertheless, it lends weight to the findings of Dr. Martin's psychological survey that only three, out of every two hundred and fifty people over seventy examined, were happy. Many, eaten by the insidious poison of self-pity and railing at a world that has forgotten them, cling to life with incredible tenacity. Others have stopped living completely and just wait for the end, dumbly resigned to their fate.

To legislate these three million or more old people into a new regimentation for their own benefit, or that of the country, or to pass laws which would relieve the irritation caused by their maladjustment to life, is out of the question. Only through an agency equipped to change their thought habits, and cure them of the jealousy, suspicion, fear and despair engendered by their mental attitude can such a solution be reached.

Salvaging and reconditioning those in the "over 50" class, who may still be restored to business and industry, the work of the Rehabilitation Bureau must be carried on in conjunction with employers of labor, who are familiar with future industrial trends, as well as the potential value of men and women for longer periods. It must also be augmented by relief agencies, subscribing to a constructive method of handling the old age problem, instead of merely handing out material relief supplied by others.

But it is the youth of today—who will be the aged of tomorrow—who can act most coöperatively for the complete solution of the old age problem. If, in their program for a "civilized world," as they like to call it, they will include some plan for molding the material in their own group into the embryo of a rational old age, it should emerge as a worth while and valuable figure in the pattern of our national life.

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Outlook Book Choice of the Month

Reviewed by Robert Cantwell

RICHARD HARDING DAVIS AND HIS DAY, by Fairfax Downey. $3.00. 322 pages. New York: Charles Scribner's Sons.

THERE WAS A TIME when popular fiction, no matter how widely it was circulated, or how much influence it worked, was considered beneath the notice of the serious literary critic; it was generally assumed that there was no connection between such writing and the more careful and conscious efforts that deserved being called works of art. From two points of view this assumption was attacked. It was attacked by the Marxian critics, who saw in the popular fiction of any period, an expression of the needs and aspiration and desires of a particular class, and it was attacked by the followers of I. A. Richards, who saw in the decline of the *quality* of popular writing a symptom of decay which needed study and analysis.

Certainly a study undertaken from this point of view gives to cheap and superficial and hasty works a significance and an interest they do not otherwise possess. What needs and desires of their audience do they satisfy; to what common prejudices do they appeal? What, for example, was there in the novels of Richard Harding Davis that made them, at the end of the century and afterwards, so enormously influential and popular? For Richard Harding Davis was nothing if he was not a popular author; he performed no noteworthy feats demanding exceptional skill or courage or endurance (though Mr. Downey tries hard to persuade us that he did); he had a limited intelligence, narrow and cramping prejudices and a life so easy and prosperous that he never became emotionally mature. He was simply a better-than-average reporter, better equipped than the average in looks and physique; a journalist who wrote a few romances which, by some magic of proper timing, proved to be precisely what a vast audience wanted.

Now that the prejudices to which he appealed have lost a great part of their pull, the mechanics of his popularity are fairly clear. He began to be well known in 1890. His own experiences by that time were limited; his father was a prosperous Philadelphia lawyer, his mother a popular author; he had grown up suffering no hardships except the usual college difficulties, and few of them; an entrance at least into newspaper work was provided for him if only by the reputation of his parents. Life not unnaturally seemed very easy to him, and out of the very effortlessness and painlessness of existence he developed a formula which had an instant appeal to millions.

The middle class to which he belonged and which absorbed his stories as rapidly as he could write them was searching for outlets for its new leisure; it was the period which saw the sensational growth of college education and the elevation of amateur sport to a prominent place in the national life; the period which saw the flowering of trips to Europe in search of culture; the period, in short, in which middle class America abruptly became aware of its awkwardness and began groping in all quarters for refinement and guidance. Henry James has made it clear what these pilgrims experienced in the way of embarrassment, humiliation, uncertainty, when they came in contact with the very culture they were seeking; the career of Richard Harding Davis makes it clear why they were driven on their pilgrimages.

To this audience Van Bibber appeared, suave, polished, forever in faultless evening clothes, never embarrassed or ill at ease, never at a loss for words, knowing precisely what to order in restaurants and how to behave with servants, moving through his adventures with an unearthly effortlessness and freedom from discomfort. This character was almost all that Davis contributed to the world's culture, and he could do it honestly. Difficulties melted away for him as they melted away for his hero. Van Bibber made him a famous writer and he never lost his prestige.

As American capital began to expand to the South, Davis became an effective propagandist for American imperialism; Van Bibber changed his evening clothes for boots and breeches and became a civil engineer, building bridges and fighting natives in mythical and romantic South American republics. In the same way that Kipling invented an exciting India to inflame the imaginations of young Englishmen, Davis created a Latin-American for Americans who were finding opportunities at home blocked off for them. The Spanish-American War was only a Richard Harding Davis story on a vast scale; the Rough Riders, made up of college boys, blue bloods, sportsmen, a regiment of Van Bibbers. On the battlefield wounded Yale and Harvard men talked about football, and Davis, who never grew up, objected to General Shafter, not because he was incompetent, but because he was too fat to be a proper hero.

Though Mr. Downey is determined to build up Davis as an impressive, important figure, he remains throughout this biography as essentially juvenile, all his adventures like the daydreams of adolescence, a matter of long journeys and narrow escapes from unreal dangers, incredible and easy success, wealth, fame, and finally a happy ending with a beautiful place in the country and a happy marriage. It was the times that made Richard Harding Davis, and it is the picture of the times, the vulgar, prosperous, restless 90's, that make this book a fascinating record. History was writing a cheap and popular novel, and Davis never imagined a more fantastic, lucky career than his own.

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Books and Reviews

TWO OUT OF THE ORDINARY BOOKS, and not so dissimilar at that, occupied the book reviewers during the past month. H. G. Wells wrote about the life of the future in "The Shape of Things to Come" (Macmillan) and

(*Continued on page* 62)

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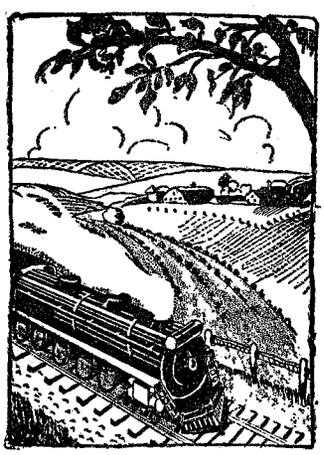
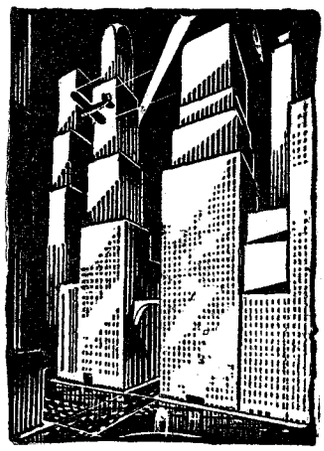


Talk of the Nation



The Star Boarder

LAST JULY, Madame Vischer D'Assonleville, a French lady (as you may have gathered), set out from her native Paris on what is known in French shipping circles as a "Viking cruise" aboard the liner *De Grasse*. It was her first venture upon the sea. When you sign up for a Viking cruise you embark on a specially chartered ship, steam about for the allotted number of days, return to the original port, which is the first and last stop, and get off again.

At least that is what you are supposed to do. Madame D'Assonleville, however, liked her first taste of the sea so much that she refused to budge from her stateroom when the ship got back to Le Havre. She wouldn't even pack her bags, no matter how prettily the stewards begged her.

When the purser came around to see what was upsetting his staff, his strong-minded passenger reaffirmed her decision, in what are known as no uncertain terms. What is more, she bought a passage, cash on the line, for the next sailing—which strengthened her position considerably. And after the *De Grasse* had been cleaned and groomed, she sailed again—this time for New York. The destination was immaterial to this new victim to the lure of the sea.

Arriving in New York Madame D'Assonleville found that the next French Line ship was not scheduled to leave for ten days, so she decided to take a little trip to Niagara Falls. Having heard from fellow-passengers that things are very expensive in America, she took the precaution of getting $2500 in cash for her jaunt. It carried her through very nicely.

Even the sight of all the water at Niagara failed to damp the lady's enthusiasm for ocean travel, and when she sailed back on the *Ile de France* a little while ago she made arrangements to become the French Line's first permanent boarder.

Insull Lives in Athens, Greece

HIS PASSPORT is invalid. The consulate general out on Queen Sophia Road won't give him anything but a nonstop one way authorization to New York from Patras, the malarial little port at the end of the gulf of Corinth. The State Department bottled up the last border in March by an extradition treaty with Albania. Samuel Insull is at liberty in a prison called Greece.

It is lonely confinement but not solitary.

Czechoslovakia would have been better, for there Insull would have heard Chicago accents in the remote villages. In Greece, knowing no language but English, he must satisfy himself with the words of Greeks returned from all over the United States. The Greek is an American cosmopolitan, even when he has an Alabama accent. Insull, for his metropolitan choice, lives in Athens, one of the two Greek cities bigger than the Greek colony of New York.

Athens is an ample cell. The uniforms Insull sees oftenest are those of the bellboys, maids, porters, clerks and waiters of the hotel Grande Bretagne. He sees also mining engineers, lawyers, Greek bankers, an occasional newspaperman, a couple of Greek-Americans who used to work for him in the Chicago Edison, and the youth who hands him mail addressed, as it might be to some playboy flying through to South Africa or Indo-China: "Mr. Samuel Insull, care of the American Express Company, Constitution Square, Athens, Greece."

Insull sees by the ministry of war the easy guns of evzones in their flaring skirts of pleated white, their pom-pom shoes and tasselled red caps aslant over faces the color of Patras olives. Insull's hotel, the best in Athens, as it was when part of *The Autobiography of Frank Harris* unrolled there, lies between the mesa of the Acropolis, scratchy with the Parthenon's scaffolding against the skyline when the sun goes down into Salamis Bay, and the pure lofty cone of Lykabettos Hill, where green cactus studs all around the tiny white chapel of Saint George at the peak. Behind Insull's hotel is the heavybellied political coffeehouse, nicknamed "the Senate," until Venizelos made the country bicameral. Before the hotel are the flanking coffeehouses called "The Dardanelles," where at twilight a soft tearing sound can be heard whenever a reputation strolls by.

But Samuel Insull and his tiny, cordially twinkling wife choose tea and take it inside the Grande Bretagne, by themselves. They would risk nothing if they ran "The Dardanelles" every evening at quarter past six. They are aloof by choice.

To Greek gossip, Samuel Insull is simply a prudent man who made an admirably clean getaway. The United States never proved him a lawbreaker. To get him they at first made some honorable experiments in wire-pulling that could not but seem amateurish in a country where nothing has ever been done by any other method. He pays his bills in American dollars. When the Greek-American fraternal organizations AHEPA and GAPA steam into Piraeus on the old *Byron* or *Edison*, Insull goes down to the wharf and smiles and shakes hands with everyone. What's so wrong with all this?

If Samuel Insull, for his part, feels anything of what Hawthorne called "the wild freedom of a broken law," it is hidden in the careful unpretentiousness of his life. The belief that he brought $7,000,000 into Greece in a travelling bag has been shaken. But Insull is, possibly deliberately, never

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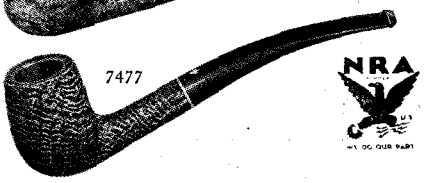

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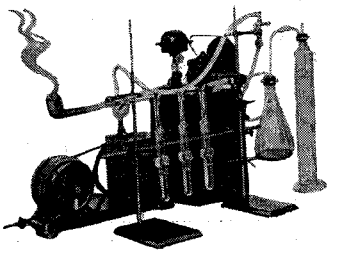

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quite successful in hiding himself.

Few men in the international sluice of the Grande Bretagne lobby are handsomer than he is at 76, with his ruddy cheeks, hair of purest white, and sober but vivacious gaze. He wears greys and blues of taste and variety. He spares himself long walks, and his movements are quick. He shuts himself away from no man who wishes to speak to him for the first time.

The creative social role remaining to the supporter of the Chicago Opera is perhaps the strangest thing about him. It is this: he emanates an almost brutal assurance that the mechanical habits of good society are the things most sure to continue when upheaval is past. Perhaps Roosevelt is right and maybe Russia too; this is not very important. The important thing is that most letters that don't beg for money should be answered and sheet and envelope must match and fit each other. And let there be no rudeness. The blows dealt with skin-tight gloves sting longest.

This role is Samuel Insull's birthright as a Britisher, but there is almost no one to appreciate his playing of it.

Athenian society is monocled and Balkan; French, its language; foreign diplomatic services, its models of deportment; its money, the shaving of forgotten administrations and vanished foreign loans; clock golf, its 1933 vice; and the girl who in a racing helmet wins the most-beautiful-girl-in-most-beautiful-motorcar contest, its future tyranness. This hothouse atmosphere is excusable because one cannot telephone from Athens to the rest of Europe, to say nothing of motorng there, but the Illinois brand of amusement in excess is unknown.

And who are the Americans and British in Athens? Archaeologists, naturally shy diplomatic and consular officials, students of archaeology trying to get a toe in the academic door, businessmen hopelessly decentered by the Levantine code of contractual honor, old ladies who came when the continent was cheaper and fled to the shelter of the depreciated drachma when the dollar fell. Except for the American city in Paris, all American colonies are *pensions*. Mr. and Mrs. Samuel Insull used to live in Chicago.

Ask him, however, with skintight gloves, the question none dares to ask, the American Reproach, the Great Unutterable: "Would you go back voluntarily?" (The question, as Samuel Insull knows better than any-

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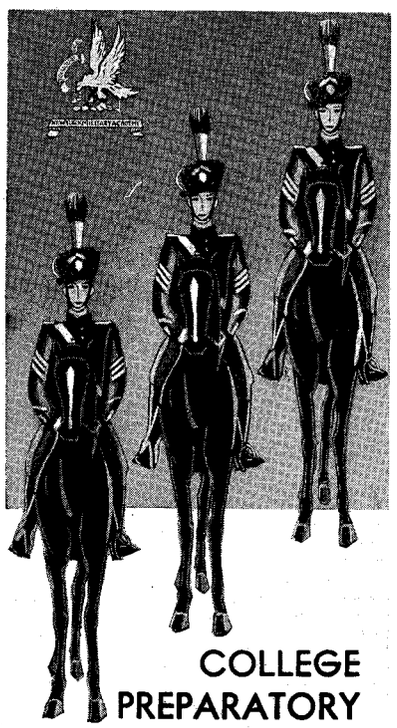

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one else, means: "Why haven't you gone back?")

And yet, although Samuel Insull has given no interview since he came to Greece, the question has been asked and answered.

"Would you—if your passport were restored?

"If your perhaps-guiltier, perhaps-guilty brother Martin were tried-imprisoned-acquitted?

"If the newspapers changed their attitude?

"If the President of the United States, the governor of Illinois, the mayor of Chicago, the prosecuting attorney of Cook County was, or was not, re-elected?

"If this climate should make you ill, as it does already almost everyone else?

"If your lignite mine in Macedonia is successful, or if it fails?

"If the new minister, Mr. Lincoln MacVeagh, takes steps to extradite you?

"If protection against mob violence in America is guaranteed you?

"Why should I?" says Samuel Insull. "Those are just a lot of hypothetical questions. Answer me this, if you can: Why should I?"

"The shareholders of your companies—"

"I don't care to discuss my business affairs. Give me one intelligent reason why I should go back to Chicago!"

●

Publicly, Insull took the high speed trial and prompt verdict as vindication. Privately, in that mixture of cold logic, ambiguous wording and feminine surrender to his own best interests which may be studied in the utterances of public men from Mussolini to the Mdivanis, Insull always keeps in mind that justice, win or lose, is a thing fashioned by the hands of men.

In an old country, sure that below first love and patriotism money is the mainspring of human endeavor, in a country full of an unremitting and usually gratified curiosity for who paid the money to whom and how much, nothing has been turned up to show that Insull's victory over evidence passed by the Department of Justice was other than a straightforward verdict, won by a pair of highly paid, resourceful attorneys aided by first class coöperation from a Chicago law firm, over an academic public prosecutor who had no time or interest to

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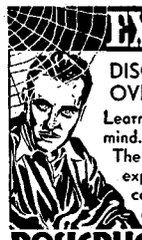

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study the evidence more than three days, who knew little of American corporation practices, and who could not by law call the defendant to the stand even if he had known more.

Samuel Insull has learned that an ethical concept of the law like that of Oliver Wendell Holmes is a burden to which no world-fighter dare offer his shoulders. Is it ever reasonable, before or afterward, to give away the battle? Not to him.

Prison directors say that the hardest thing is to provide work for everyone. Insull provided work for himself as soon as he found he had been declared innocent and therefore had the right to roam at will through his peninsular prison.

Between Salonica and the sentry-boxes of Jugoslavia is a lignite mine left over from the days when the Aegean was alive with troop transports and Cardiff coal too far away. It trembles frequently to Macedonian earthquakes. If Bulgaria tries to take back the land lost to Venizelos at Versailles there will be artillery heard in these mountains. In 1929 the mine at Vevi produced 18,883 tons, about one-eighth of Greece's lignite, but at present it is a dead mine.

Insull has finished the preliminaries for exploitation of this mine. He plans to make bricquettes in the German way and burn them not only in Mediterranean freighters, but in the electric plants of the country, which are already obliged by law to burn a percentage of raw lignite. Insull has political lines out to both Venizelist and Tsaldarist parties. As soon as either can hold the other down long enough to finish negotiations Insull's mine, paying laborers about 33c a day, will begin to work.

Indifference, the fatigue of age and after-battle, comes to Insull rarely. Its visits are marked by a loss of sensitivity to the press. At other times Insull is ready to explain at will how newspapers represent as many people as possible to gain circulation, which means money. Many newspapers are his enemies, so are many people. Press and people are first causes by turns, but newspapers are his earliest, most precisable and most coherent persecutors. There are more blackhand letters when newspapers attack him, he finds, and that looks to him like cause and effect.

Insull is sometimes apathetic to attack; usually he returns it with

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spite (confidential, mind you) more acid than the original. This man is a warrior. If ever he has felt his own secret strength tapped and drawn by any single attack upon him it is certain that within the hour he hunted out the name of the man who wrote it and will never forgive him, nor his master.

Yet no man is more accessible to newspapermen. Insull enjoys particularly being cordial to those who are his enemies, takes pleasure in the Christian rectitude of being alike to all, and has his own sweetest *Schadenfreude* when his "friends of the press turn against him." Afterward, for the sport of it, he gives his enemies a minor inaccuracy or two; sometimes beforehand, if he smells their infidelity before the clippings come.

Samuel Insull, in Greek jail, Greek hospital, Greek courtroom has never showed the slightest sign of weakness or fear. A great American press service telegraphed his repentant tears across the Atlantic, but he never wept them. His entire performance in Greece has been one of matchless poise, interrupted by anger ("not for publication, mind you") but never anything softer than that.

Regret is, however, the mood of Samuel Insull in Athens, regret of his own special kind. Insull regrets that it is at present inadvisable for him, as a reasoning man, to enter the arena where he once fought. He knows its methods. He says he cannot muster money enough to use them adequately.

Another thing keeps him in Greece: his estimate of American police, which is one of mockery and contempt. How many public men have been attacked, elsewhere as well as in the United States, during the past two years. In Milan, he once saw the effect of a correctly tossed bomb. The armored limousine he used to have was his tribute to a nation of baseball players. *Protect* is what the police should do, Samuel Insull says; do the police protect anyone?

But the account is still unsettled. Insull knows it. He has been indicted anew on the non-extraditable charge of concealing assets in bankruptcy. The pockets of his public are empty, too. The lives of many of them have been shattered smaller than his own. And Insull himself is not satisfied. He cannot yet feel that his cycle is run; he cannot quite become a private citizen.

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It was in Greece that a name, catharsis, was given to the repose at the end of the play that is, or ought to be reached by audience and actor. Samuel Insull rarely ceases to think of his audience, now so far away. It was an interrupted performance. The audience can hardly be chafing more now at Insull's failure to satisfy them than the protagonist himself. He slipped into the wings when he noticed how perilous were the lines of the closing speech he was uttering. He feels now that responsibility for their delivery ought to have been shared with the author, whoever that was. And he has not touched a finger to the makeup he wore.—*George Weller.*

●

Books

(*Continued from page* 55)

Gertrude Stein wrote about the artistic life in Paris in "The Autobiography of Alice B. Toklas" (Harcourt Brace), and while the books aren't much alike they at least have this in common: they both deal with persons and events which are far removed from the common affairs of our time. Wells's account of the crack-up of modern civilization is only a shade more remote than Gertrude Stein's account of her really morbid struggle with the English language; the people in Wells's imaginary history are only a trifle more shadowy than those strange living individuals—Picasso, Hemingway, Anderson, Carl Van Vechten, F. Scott Fitzgerald—on whom Gertrude Stein passes her cryptic judgment.

As is now well known, "The Autobiography of Alice B. Toklas," while ostensibly the work of Gertrude Stein's companion for the past twenty-five years, is actually the work of Gertrude Stein herself. As an autobiographical device, this Great Balloon Hoax is convenient; it enables Miss Stein to write about herself while pretending she is someone dearly devoted to herself; it's as though Johnson had pretended to be Boswell and could imagine Boswell thinking only admiring thoughts about Johnson. Undoubtedly Miss Stein wrote the "Autobiography" with her tongue in her cheek; at the end of it she confesses that she has written it as simply as Defoe wrote the autobiography of Robinson Crusoe. It tells almost every thing anyone would want to know about her, including her tastes, prejudices, friendships, quarrels and clever sayings.

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